

Success Bidco 2 Limited
Annual report
for the year ended 31 December 2020

Registered Number 10110298



Success Bidco 2 Limited

Annual report

for the year ended 31 December 2020

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Success Bidco 2 Limited

Directors and advisers for the year ended 31 December 2020

Directors

Steve Parkin

James Taylor

Min Han (appointed 3 April 2020)

Neal Austin (appointed 25 February 2020, resigned 3 April 2020)

Registered office

Mayborn House

Balliol Business Park

Benton Lane

Newcastle upon Tyne

NE12 8EW

United Kingdom

Independent auditors

PricewaterhouseCoopers LLP

Chartered accountants and statutory auditors

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

United Kingdom

Solicitors

DLA Piper UK LLP

1 St Peters Square

Manchester

M2 3DE

United Kingdom

Bankers

HSBC Bank plc

8 Canada Square,

London,

E14 5HQ

United Kingdom

Success Bidco 2 Limited

Strategic report for the year ended 31 December 2020

The directors present the strategic report for the group and company for the year ended 31 December 2020. These financial statements consolidate the results of Success Bidco 2 Limited and its subsidiaries for the year ended to 31 December 2020.

Principal activities and review of the business

Success Bidco 2 Limited is a holding company, which indirectly holds 100% of the Mayborn Group of companies. The company is a wholly owned subsidiary of Shanghai Jahwa United Co., Ltd, a personal care company, quoted on the Shanghai stock exchange, which is itself controlled by Ping An Insurance (Group) Company of China Limited, a large Chinese insurance company.

The group's principal activities are the design, manufacture and distribution of baby feeding, hygiene, sleep time and accessory products. The principal activity of the company is to carry on the business of a holding company. The directors do not anticipate any changes to this in the future.

The Group has recorded Revenue of £205,952,000 up 6.5% on 2019, demonstrating the continued demand for the Group's product. Net assets of the Group stand at £215,993,000 (2019: £196,663,000).

During 2020 the Group continued to develop its businesses in the UK, China, Europe, Asia, Australia and North America by expanding distribution, developing new innovative products and improving awareness of the brand. In January 2020, the Group acquired the trade of the distributor in Germany and has taken direct control of that market.

Business environment, principal risks and uncertainties

The group operates in the baby accessories sector, with the Tommee Tippee brand of feeding, comfort and hygiene products and the Gro brand of sleep; both are leading brands in a number of markets. Quality and reliability of product and brand reputation is critical in this sector and the group has robust processes in place to mitigate this risk by ensuring high quality standards are maintained.

The market is fragmented but is expected to consolidate over the next few years driven by the cost of developing and launching new products and costs of satisfying the requirements of sophisticated consumers shopping both online and in store.

The retail channels for the baby accessories sector continue to evolve, with consumers continuing to move online. There continues to be challenges for our retail partners on the high street and we are working closely with these partners to mitigate any risks this may present. In response to this, the group has established a multi-channel strategy which will enable it to become one of the few branded baby product suppliers with the range and ability to service all retail channels, regardless of where the consumer decides to shop.

The global Covid-19 pandemic and the associated quarantines put in place by the UK and other governments present significant challenges to the retail sector both in securing supply chains and in store closures and reduced foot fall in those stores which remain open. The group is well placed to adapt to these challenges, having control of its own supply chain and access to a wide range of retail channels, with the digital market in particular continuing to trade strongly. The recent launch of the group's own Direct to Consumer website has provided another route to this market. The strength of the group's balance sheet reserves means that even under severe downside modelling there is no liquidity risk to the group.

The group's overriding strategy is to achieve attractive and sustainable growth and returns through its leadership in established markets and its challenger position in its newer markets.

Success Bidco 2 Limited

Strategic report for the year ended 31 December 2020 (continued)

Business environment, principal risks and uncertainties (continued)

There are three key elements to the group's growth strategy. They are:

- Accelerate growth through increasing depth and breadth of distribution within existing channels and with existing customers;
- Drive innovation through high quality products that deliver unique benefits to mother and baby, supported by creative brand communications;
- Drive supply chain efficiencies through new product development and value engineering.

The group continues to invest in the creation, research, design and development of products to ensure that they remain innovative and functionally superior to those of our competitors and that they deliver our category plan.

Financial risks and their management are discussed in the directors' report. The main risks focus on Liquidity, Foreign Exchange, Credit and Interest Rate risks. These are all managed effectively by the Board and Management Team. The Group look to take mitigating actions and interventions to minimise these risks. All the risks are continually assessed and reviewed.

Section 172(1) statement

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The interests of the group's employees;
- The need to foster the group's relationships with suppliers, customers and others;
- The impact of the group's operations on the community and the environment; and
- The desirability of the group maintaining a reputation for high standards of business conduct.

The Directors actively review the strategic direction of the group on an annual basis, and the group operates to a 5 year strategic plan which was originally defined in 2017, and is refined each year to reflect changing circumstances and direction. The board is composed of experienced directors, being the Chief Executive Officer and Chief Financial Officer of the group, and their decision making process is based on monthly meetings of the executive team, supported by comprehensive management information. The involvement of the full executive team means that all stakeholders such as customers and employees are appropriately represented and considered in the decision making process. The Directors are not of the view that any decisions made in the current year represent such a change in strategic direction that they should be considered Principal decisions.

Employees

The directors regularly present all staff with information on group performance and strategic objectives at quarterly Team Briefings. Individual teams are informed and briefed on departmental objectives by their line manager. Team Briefings include an opportunity for employees to provide feedback or questions to the directors, and the group carries out regular employee surveys to ensure that the views of employees can be taken into account. Further information on the group's employee policies is contained within the Directors' report.

Success Bidco 2 Limited

Strategic report for the year ended 31 December 2020 (continued)

Environment

The group is developing a corporate social responsibility strategy that sets the overall aim to be environmentally responsible and a great place to work. During 2020 initiatives have continued to reduce the use of single use plastic products within the group's operations.

SECR Reporting

Emission Type	Total Volume (kWh)	Calculated Emissions (Tonnes of CO ₂ e)
Scope 1 (direct)	-	-
Scope 2 (indirect)	399,990	93
Scope 3 (indirect)	-	-
	399,990	93

All emissions relate to emissions released into the atmosphere associated with Mayborn (UK) Limited's consumption of purchased electricity. These are indirect emissions that are a consequence of the company's activities, but which occur at sources the group does not own or control. Consumption and related emissions from all other group companies have been excluded as they would not be obliged to report individually according to the SECR thresholds.

Comparison to previous reporting

The group tracks emissions against previous years to encourage performance monitoring. As this is the first year of formal reporting, there are no comparisons for previous years.

Quantification and Reporting Methodology

The group has taken guidance from the UK Government Environmental Reporting Guidelines (March 2019), the GHG Reporting Protocol – Corporate Standard, and from the UK Government GHG Conversion Factors for Company Reporting document for calculating carbon emissions. Energy usage information (gas and electricity) has been obtained directly from energy suppliers.

Energy Efficiency Action

There were no energy efficiency actions completed during the current financial year.

Community Engagement

Over the past year the group continued to engage with a number of charities working to make parent's lives better, including our longstanding relationship with the Lullaby Trust, who work to reduce the impact of Sudden Infant Death Syndrome.

Health and safety at work

Work aimed at further developing and robustly implementing the group's integrated safety management system has continued throughout the year. We continue to have a strong record across our manufacturing facilities, and are committed to maintain and improve standard in this area.

Customer Experience

As a key element of our strategy, the Customer Experience is a fundamental aspect of our aim to be the world's best loved baby company. We continue to invest significantly in the development of innovative new products which are designed to improve the parenting experience.

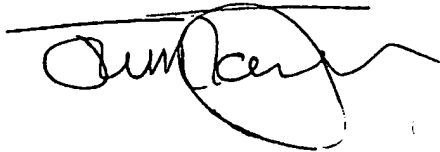
Success Bidco 2 Limited

Key performance indicators (“KPIs”)

The directors believe that the key performance indicators are revenue growth and profitability growth.

Revenue reported for the year was £205,952,000 (2019: £193,376,000) and profit after tax was £12,825,000 (2019: £12,016,000).

On behalf of the board

A handwritten signature in black ink, appearing to read 'James Taylor', written over a horizontal line.

James Taylor

Director

29 April 2021

Success Bidco 2 Limited

Directors' report for the year ended 31 December 2020

The directors present their report and the audited consolidated financial statements of the group and company for the year ended 31 December 2020.

Results and dividends

The results for the group show profit after tax was £12.8m (2019: £12.0m) for the year to 31 December on sales of £206.0m. Net cash generated from operating activities for the year was £31.7m (2019: £21.6m). As at 31 December 2020 the group had cash on balance sheet of £62.3m (2019: £44.0m). The directors do not recommend the payment of a dividend.

Future developments

Management are confident that the group will continue to grow in line with its plans. Significant revenue and profit growth will be maintained, driven by a robust innovation pipeline, continued global distribution and market share gains, development of the group's Direct to Consumer website, and productivity improvements. Further detail is contained within the Strategic report.

Employees training and development

We have consistently sought to recruit and retain the best employees in order to provide and exceed the service levels which our customers expect. The Board firmly believes that our employees are the foundation on which the group's success is built.

The group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the group continues employment wherever possible.

The group is committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. Further information on this is contained within the strategic report.

Research and development

The group continues to invest in the creation, research, design and development of products to ensure that they remain innovative and functionally superior to those of our competitors and that they deliver category enhancing value to the consumer. Costs of research are expensed as incurred and development costs capitalised.

Going concern

The directors are of the opinion that the financial statements should be prepared on a going concern basis. In forming this opinion, the Board has considered forecasts prepared in light of the information currently known about the Covid-19 pandemic, as well as severe downside scenarios. There remains strong demand for the group's products and the majority of the group's routes to markets remain open as key retailers. The group has strong balance sheet reserves, and the Board is satisfied that there is no reason to believe that the group's current funding and liquidity position is not sufficient.

Success Bidco 2 Limited

Directors' report for the year ended 31 December 2020 (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of changes in currency risk, price risk, credit risk, liquidity risk and interest rate cash flow risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by closely monitoring levels of debt finance.

Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the group's finance department.

Currency risk

The group is exposed to foreign exchanges risk as a result of its operations, which include sales and production facilities in various countries. The group actively manages its primary foreign currency exposure through a series of structured forward contracts, reviewed and updated on a quarterly basis.

Commodity price risk

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before sales are made and credit insurance whenever possible. Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to financial institutions with an investment grade rating or better.

Liquidity risk

The group is highly cash generative and forward looking cash flows indicate that the group is well funded with very low liquidity risk.

Interest rate cash flow risk

The group's senior debt interest payable is calculated with reference to LIBOR. The group has taken out interest rate hedging on none (2019: 75%) of the senior debt balance to manage the exposure to interest rate movements.

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed in the Directors and advisors for the year on page 1.

Reappointment of Auditors

It is the intention of the directors to reappoint PricewaterhouseCoopers LLP as auditors for the next financial year.

Success Bidco 2 Limited

Directors' report for the year ended 31 December 2020 (continued)

Statement of Directors' Responsibility in respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

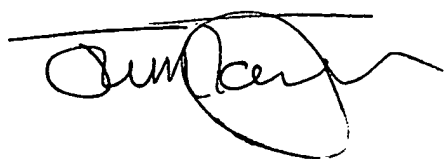
The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

On behalf of the board



James Taylor
Director
29 April 2021

Success Bidco 2 Limited

Independent auditors' report to the members of Success Bidco 2 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Success Bidco 2 Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company statements of financial position as at 31 December 2020; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; the Statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Success Bidco 2 Limited

Independent auditors' report to the members of Success Bidco 2 Limited (continued)

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibility in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Success Bidco 2 Limited

Independent auditors' report to the members of Success Bidco 2 Limited (continued)

Auditors' responsibilities for the audit of the financial statements

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax and companies legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or increase the group's EBITDA, or through management bias in manipulation of accounting estimates. The group engagement team included appropriate audit procedures in response to such risks in their work. Audit procedures performed included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws, regulations and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to assumptions made in valuing the defined benefit pension deficit, assessing the impairment of assets, provision for customer rebates and consideration of the impact of COVID-19 on going concern;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

29 April 2021

Success Bidco 2 Limited

Consolidated statement of comprehensive income for the year ended 31 December 2020

		2020	2019
	Note	£'000	£'000
Revenue	1	205,952	193,376
Cost of sales		(94,034)	(92,772)
Gross Profit		111,918	100,604
Admin expenses		(42,552)	(40,530)
Exceptional admin expenses	3	(1,350)	(2,553)
Total admin expenses		(43,902)	(43,083)
Distribution cost		(42,581)	(38,935)
Other income		58	15
Operating profit	4	25,493	18,601
Finance costs	5	(9,663)	(9,608)
Finance income	5	126	229
Profit before taxation		15,956	9,222
Taxation	6	(3,131)	2,794
Profit for the year		12,825	12,016
Other comprehensive (expense)/income, net of tax			
Items that will not be reclassified to profit or loss:			
Remeasurements on defined benefit pension scheme	7	1,214	(448)
Tax on items that will not be reclassified to profit or loss		(231)	76
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		2,148	(2,983)
Cash flow hedges	14	(1,394)	868
Tax on items that may be subsequently reclassified to profit or loss		265	(146)
Other comprehensive income/(expense) for the year		2,002	(2,633)
Total comprehensive income for the year		14,827	9,383

Success Bidco 2 Limited

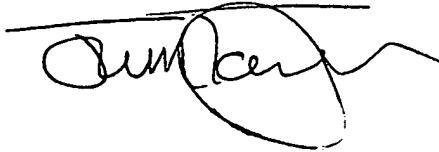
Consolidated statement of financial position as at 31 December 2020

		2020	2019
	Note	£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	8	21,138	23,908
Intangible assets and goodwill	9	280,606	284,382
Deferred tax assets	11	5,069	2,660
Retirement benefit surplus	7	7,879	5,762
Other non-current assets		191	337
Total non-current assets		314,883	317,049
Current assets			
Inventories	12	23,477	23,157
Trade and other receivables	13	43,186	34,760
Derivative financial instruments	14	-	1,240
Cash and cash equivalents		62,315	43,984
Total current assets		128,978	103,141
Total assets		443,861	420,190
Liabilities			
Current liabilities			
Trade and other payables	15	(66,724)	(57,707)
Derivative financial instruments	14	(120)	-
Borrowings	16	(31,253)	(31,253)
Total current liabilities		(98,097)	(88,960)
Net current assets		30,881	14,181
Non-current liabilities			
Borrowings	16	(119,925)	(124,370)
Deferred tax liabilities	11	(9,846)	(10,197)
Total non-current liabilities		(129,771)	(134,567)
Total liabilities		(227,868)	(223,527)
Net Assets		215,993	196,663
Equity			
Called up share capital	17	160,216	160,216
Capital contribution	18	17,974	13,471
Hedging reserve	17	129	1,258
Other reserves	17	(3,708)	(3,708)
Retained earnings		41,382	25,426
Total equity		215,993	196,663

Success Bidco 2 Limited

Consolidated statement of financial position as at 31 December 2020 (continued)

The notes on pages 28 to 63 form an integral part of these financial statements. These financial statements on pages 12 to 63 were approved by the board of directors on 29 April 2021 and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'James Taylor', written over a horizontal line.

James Taylor
Director
Success Bidco 2 Limited

Registered Number 10110298

Success Bidco 2 Limited

Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital £'000	Capital Contribution £'000	Hedging reserve £'000	Retained earnings £'000	Other reserve £'000	Total equity £'000
At 1 January 2019	160,216	9,123	536	16,857	(3,708)	183,024
Profit for the year	-	-	-	12,016	-	12,016
Capital contribution from parent company	-	4,348	-	-	-	4,348
Adoption of IFRS 16	-	-	-	(92)	-	(92)
Movement on hedging reserve	-	-	868	-	-	868
Tax on items that may subsequently reclassified to profit or loss	-	-	(146)	-	-	(146)
Exchange differences on translating foreign currency operations	-	-	-	(2,983)	-	(2,983)
Remeasurements on defined benefit pension scheme	-	-	-	(448)	-	(448)
Tax on items that will not be reclassified to profit or loss	-	-	-	76	-	76
At 31 December 2019	160,216	13,471	1,258	25,426	(3,708)	196,663
Profit for the year	-	-	-	12,825	-	12,825
Capital contribution from parent company	-	4,503	-	-	-	4,503
Movement on hedging reserve	-	-	(1,394)	-	-	(1,394)
Tax on items that may subsequently be reclassified to profit or loss	-	-	265	-	-	265
Exchange differences on translating foreign currency operations	-	-	-	2,148	-	2,148
Remeasurements on defined benefit pension scheme	-	-	-	1,214	-	1,214
Tax on items that will not be reclassified to profit or loss	-	-	-	(231)	-	(231)
At 31 December 2020	160,216	17,974	129	41,382	(3,708)	215,993

Success Bidco 2 Limited

Consolidated statement of cash flows for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities:		
Profit before taxation	15,956	9,222
<i>Adjustments for:</i>		
Depreciation and amortisation	9,291	9,821
Payments into pension scheme in excess of current service cost	795	88
Pension interest less expected return on scheme assets	(179)	(106)
Finance costs	9,663	9,608
Foreign exchange	(1,300)	(1,558)
Share based payment	2,166	2,230
(Profit)/loss on disposal of fixed assets	1,970	(13)
<i>Changes in working capital:</i>		
Decrease/(increase) in inventories	(420)	(992)
Decrease/(increase) in trade and other receivables	(7,178)	2,257
Increase/(decrease) in trade and other payables	4,723	15
Cash generated from operating activities	35,487	31,046
Interest paid	(4,352)	(6,281)
Interest received	126	229
Tax received/(paid)	389	(3,405)
Net cash generated from operating activities	31,650	21,589
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,440)	(3,400)
Proceeds from disposal of fixed assets	-	13
Purchase of intangible assets	(885)	(2,877)
Principal element of finance lease	(1,930)	(1,886)
Decrease in restricted cash	-	4,000
Net cash generated from/(used in) investing activities	(4,255)	(4,150)
Cash flows from financing activities:		
Repayment of borrowings	(127,000)	-
Drawdown of borrowings	120,000	-
Net cash (used in)/generated from financing activities	(7,000)	-
Net increase in cash and cash equivalents	20,395	17,439
Cash and cash equivalents at beginning of the year	43,984	30,319
Exchange movements on foreign currencies	(2,064)	(3,774)
Cash and cash equivalents at end of the year	62,315	43,984

Success Bidco 2 Limited

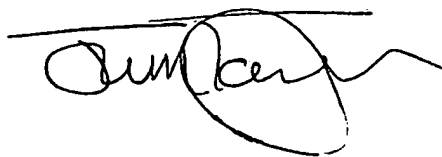
Company statement of financial position as at 31 December 2020

	Note	2020 £'000	2019 £'000
Assets			
Non-current assets			
Investments	10	201,929	201,929
Other non-current assets		192	337
Total non-current assets		202,121	202,266
Current assets			
Trade and other receivables	13	15,657	20,126
Cash and cash equivalents		-	6,718
Total current assets		15,657	26,844
Total assets		217,778	229,110
Liabilities			
Current liabilities			
Trade and other payables	15	(5,260)	(5,061)
Borrowings	16	(31,253)	(31,253)
Total current liabilities		(36,513)	(36,314)
Net current liabilities		(20,856)	(9,470)
Non-current liabilities			
Borrowings	16	(119,925)	(124,370)
Total non-current liabilities		(119,925)	(124,370)
Total liabilities		(156,438)	(160,684)
Net assets		61,340	68,426
Equity			
Called up share capital	17	160,216	160,216
Other reserve		(3,708)	(3,708)
Accumulated losses		(88,082)	(81,260)
Loss for the year		(7,086)	(6,822)
Total equity		61,340	68,426

Success Bidco 2 Limited

Company statement of financial position as at 31 December 2020 (continued)

The notes on pages 28 to 63 form an integral part of these financial statements. These financial statements on pages 12 to 63 were approved by the board of directors on 29 April 2021 and were signed on its behalf by

A handwritten signature in black ink, appearing to read 'James Taylor', written over a horizontal line.

James Taylor
Director

Success Bidco 2 Limited

Registered Number 10110298

Success Bidco 2 Limited

Company statement of cash flows for the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities:		
Loss before taxation	(7,087)	(6,822)
<i>Adjustments for:</i>		
Finance costs	6,928	6,377
<i>Changes in working capital:</i>		
Increase in trade and other payables	238	295
Decrease in trade and other receivables	29	37
Decrease in intercompany receivables	4,440	6,323
Decrease in intercompany payables	(39)	(11)
Cash generated from operating activities	4,509	6,199
Interest paid	(4,230)	(6,197)
Net cash generated from operating activities	279	2
Cash flows from investing activities:		
Interest received	3	10
Net cash generated from investing activities	3	10
Cash flows from financing activities:		
Repayment of borrowings	(127,000)	-
Drawdown of borrowings	120,000	-
Movement in restricted cash	-	4,000
Net cash generated from financing activities	(7,000)	4,000
Net movement in cash and cash equivalents	(6,718)	4,012
Cash and cash equivalents at beginning of the year	6,718	2,706
Cash and cash equivalents at end of the year	-	6,718

Success Bidco 2 Limited

Company statement of changes in equity for the year ended 31 December 2020

Company	Called up share capital £'000	Hedging reserve £'000	Accumulated losses £'000	Other Reserve £'000	Total equity £'000
At 1 January 2019	160,216	304	(81,260)	(3,708)	75,552
Loss for the year	-	-	(6,822)	-	(6,822)
Movement on hedging reserve	-	(304)	-	-	(304)
At 31 December 2019	160,216	-	(88,082)	(3,708)	68,426
Loss for the year	-	-	(7,086)	-	(7,086)
At 31 December 2020	160,216	-	(95,168)	(3,708)	61,340

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020

Success Bidco 2 Limited is a private company limited by shares which is incorporated and domiciled in England, within the UK. The principal accounting policies adopted in the preparation of these financial statements are set out below. 6

Basis of preparation

These financial statements have been prepared on a going concern basis in accordance with International accounting standards and in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. No IFRSs have been adopted before their effective date. The financial statements have been prepared on the going concern basis and under the historical cost convention as modified by the revaluation of financial assets and liabilities (including derivatives) at fair value through profit or loss. A summary of the more important accounting policies is set out below together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year. All accounting policies have been applied consistently in all years presented with the exception of those standards that are newly adopted in the year.

Going concern

The group and company financial statements have been prepared on a going concern because:

- Recognition has been given to the plans that are in place which it is considered will achieve positive returns to enable the group to fully discharge its liabilities; and
- The directors have reviewed cash flow forecasts and are satisfied that the group is expected to generate sufficient cash flow in the next year to enable all liabilities falling due for at least 12 months from the date the financial statements are approved to be met.
- In forming this opinion, the Board has considered forecasts prepared in light of the information currently known about the Covid-19 pandemic, as well as severe downside scenarios. There remains strong demand for the group's products and the majority of the group's routes to markets remain open as key retailers. The group has strong balance sheet reserves, and the Board is satisfied that there is no reason to believe that the group's current funding and liquidity position is not sufficient.

Consolidation

In accordance with s408 of the Companies Act 2006, the parent company does not publish its own statement of comprehensive income. See the statement of financial position for the company result.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Subsidiary undertakings are accounted for using acquisition accounting from the effective date of the acquisition until the effective date of disposal.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All revenue of the group is from sales of baby feeding, sleep time, hygiene and accessory products at a point in time with the delivery of the product seen as the only performance obligation under the contract. Payment terms provided for the group's receivables are generally 30 – 60 days from date of invoice.

Revenue is recognised on delivery when control of the goods has passed to the buyer. Revenue is recorded net of value added tax, discounts and rebates. Any rebates or discounts are recognised on sales to the extent that it is deemed highly likely that the revenue will not subsequently reverse and are recognised in line with the sale of the underlying item.

All unused product can be returned to the Group in exchange for a credit or a refund and standard warranties are given across the product range. These costs and allowances are set against Gross Revenue to result in the Revenue recognised in these Statements.

Other operating income

Other operating income primarily represents foreign exchange gains arising from operating activities.

Foreign currency accounting

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Exchange differences arising from the retranslation of the opening net assets of subsidiaries and joint ventures which have currencies of operation other than sterling are taken to reserves, together with the differences arising when the profit and loss accounts are translated at average rates and compared with rates ruling at the year end. Other exchange differences are taken to the statement of comprehensive income.

Intangible assets

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Under IFRS 3 Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Acquired brands are shown at historical cost. They have finite useful economic lives and are carried at cost less accumulated amortisation. Brands are amortised on a straight line basis to allocate the cost of a brand over its estimated useful life of between 10 and 30 years. Patents are amortised on a straight line basis to allocate the cost of a patent over its useful life of 20 years. Software is capitalised on the basis of costs incurred to acquire and bring it into use and amortised on a straight line basis over their useful economic lives of 4 years. Customer lists are capitalised as part of any acquired intangible at cost and amortised over their useful life of between 1 to 5 years.

Investments

The investment in subsidiary undertakings is carried in the statement of financial position at cost, less any impairment in value. The carrying value of investments is reviewed for impairment annually.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Cost of raising finance

The finance costs of raising debt are capitalised and offset against the value of the loan raised. The capitalised cost is then amortised at the effective interest rate over the year of the loan. The cost of the amortisation is charged as an expense in the year.

Research and development costs

Research costs are expensed as incurred. Development costs are capitalised per IAS 38. Development costs are amortised on the launch of the project on a straight-line basis. The costs are amortised over their economic life, which is deemed to be 5 years.

Leases

The group has adopted IFRS 16 *Leases* retrospectively from 1 January 2019. On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5%.

In applying IFRS 16 for the first time, the group used the following practical expedients permitted by the standard:

- Applying a single discount to a portfolio of leases with reasonably similar characteristics
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

The associated right-of-use assets for leases were measured on a retrospective basis as if the new rules had always been applied.

Property, plant and equipment

Plant and equipment is included at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to the working condition for its intended use.

Depreciation is calculated to write each asset to its estimated residual value and is provided on a straight-line basis over the expected useful economic life of the asset as follows:

Leasehold property - over 5 to 25 years

Plant and equipment - over 4 to 10 years

Assets under construction are not depreciated.

The carrying values of tangible fixed assets are reviewed for impairment either annually, or when events or changes in circumstances indicate the carrying value may not be recoverable (whichever is the earlier). If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective inventory. Cost is on a standard and weighted average basis and includes an addition for overheads where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventory provisions are based on group current stock levels compared with future sales forecast.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is evidence that the company will not be able to collect all amounts due according to the original terms of the receivables or where it is calculated that there is an expected element of future credit loss. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within "other operating charges". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating charges" in the statement of comprehensive income.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments

The group uses forward contracts to manage its exposure to foreign exchange rate and interest rate swaps to manage interest rate fluctuations. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resultant gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as cash flow hedges, being hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The group documents at the inception of the transaction the economic relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The strategy is to identify material cash flow that are influenced by changes in Foreign Exchange rates. The Group take out hedging instruments against these exposures to Foreign Exchange movements, in order to protect future cash flows with certainty. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income within "other gains/losses". Amounts accumulated in equity are recycled in the statement of comprehensive income in the years when the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of comprehensive income.

Changes in the fair value of those derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

The fair value of the forward currency contracts and interest rate swaps is estimated using a discounted cash flow technique.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand, and short term deposits with a maturity of three months or less. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Pensions

The group operates a defined benefit pension scheme, the Baby & Child Retirement Plan, and a stakeholder plan. Contributions to the stakeholder scheme are charged to employee costs in the year in which they fall due.

The Baby & Child Retirement Benefit Plan is accounted for in full in this group's financial statements as the majority of the scheme participants are employees of the group, and although the scheme also relates to other group companies, the directors believe that these amounts are not material to the individual financial statements of the companies involved.

The group recognises the pension deficit or surplus in the statement of financial position. The surplus is the fair value of the scheme's assets less the present value of the accrued defined benefit obligations. Any surplus arising on the defined benefit pension scheme is restricted to the present value of the amount recoverable through future reductions in employer contributions. The defined benefit obligation is calculated annually by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high quality, long-dated corporate bonds that are denominated in the currency in which the benefits are paid.

The current service costs, past service costs, gains and losses on settlements and curtailments, and the interest cost on plan liabilities net of expected return on plan assets are included in employee costs. Re-measurement gains and losses are recognised as other comprehensive income in the year in which they arise.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Preference shares attract a guaranteed dividend at a rate of 8%, have no voting rights and can be redeemed by the company at any time. On this basis they are accounted for as debt rather than equity.

Share Based Payments

The group has cash and equity settled share based payment schemes in issue. The term "cash-settled share-based payment" refers to a transaction of payment of cash or any other asset obligation calculated and determined on the basis of shares or other equity instruments undertaken by the enterprise in return for services.

A cash-settled share-based payment shall be measured in accordance with the fair value of the liability calculated and recognised based on the shares or other equity instruments undertaken by an enterprise.

For cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting year comes to an end or until the specified performance conditions are met, at each balance sheet date within the vesting year, the services obtained in the current year shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Share Based Payments (continued)

If, at the balance sheet date, the subsequent information indicates that the fair value of the current liability undertaken by the enterprise are different from the previous estimates, an adjustment shall be made and on the vesting date the estimate shall be adjusted to equal the actually exercisable right. An enterprise shall, at each balance sheet date and on each account date prior to the settlement of the relevant liabilities, re-measure the fair values of the liabilities and include the changes in the current profits and losses.

The term "equity-settled share-based payment" refers to a transaction in which the Group grants shares or other equity instruments as a consideration in return for services.

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees.

During the year that the performance conditions and service life conditions are met, the costs or expenses of equity-settled share-based payments shall be recognised, and the capital reserve is increased correspondingly. Before the vesting date, the accumulating amount recognised in the equity-settled share-based payments at each balance sheet date reflects the expired part within the vesting year and the best estimate for the number of equity instrument of final exercise carried out by the Group.

If an enterprise modifies terms and conditions of equity-settled share-based payments in an unfavourable manner to the employees, the enterprise shall continue to account for the services obtained as if the changes never happen, unless the enterprise cancels all or part of equity instruments granted. In addition, any modification newly added with the fair value of the granted equity instruments or the changes being in favour of workers at the modification date shall be recognised as service addition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognised immediately. If the workers and other parties can select to meet non-exercise conditions but they do not meet the conditions within the vesting year, the equity-settled share-based payments are cancelled. However, if new equity instruments are granted, and the new instruments are used for replacing the cancelled equity instruments at the granting date, the granted and replaced equity instruments shall be processed in the same method that the provisions of the original equity instruments are processed and the conditions are modified.

Deferred tax

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Success Bidco 2 Limited

Statement of accounting policies for the year ended 31 December 2020 (continued)

Deferred tax (continued)

Deferred tax is recognised in respect of timing differences arising from the unremitted earnings of subsidiaries and joint ventures, except where the entity can control the reversal of the timing difference and it will not reverse in the foreseeable future.

Exceptional Items

Exceptional costs incurred by the Group are separately identified on the face of the consolidated statement of comprehensive income, to provide a better understanding of the financial performance of the business. Exceptional items are one off costs / incomes which are material both in size and nature.

Capital management

The Group's manages its capital to ensure its going concern status, maximise returns for shareholders and benefit all other stakeholders by maintaining an optimal capital structure and reduce its subsequent cost of capital.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable under the circumstances.

Pension assumptions - estimate

Changes in assumptions made in valuing the defined benefit pension deficit could have a significant effect on profit for the year and the financial position. These assumptions are reviewed on an annual basis and the most appropriate assumptions selected based on actuarial advice. The assumptions used at the year-end are disclosed in note 7.

Tax assumptions - judgements

In preparing the group tax computations a number of judgements are made about the relevant and applicable tax treatment of items within the group accounts. These judgements are reviewed annually in line with updated guidance and legislation, and in consultation with the group's tax advisers.

Management Incentive Programme - estimate

The valuation of the liability relating to the Management Incentive Programme requires assumptions to be made about the future business performance of the group. Changes to these assumptions can have a significant impact on the results for the year.

Goodwill Impairment - judgement

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Useful economic lives of Intangible Assets - estimate

The group estimates the expected useful life of intangible assets in order to calculate amortisation.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020

1 Revenue

The group's operations relate entirely to the Mayborn Baby and Child business, being one class of business. All revenue is derived from the sale of goods at a point in time.

Geographical analysis

The group's principal operations are located in the UK, North America, Hong Kong, Morocco, France, Australia and China. The following table shows an analysis of the group's sales by geographical market.

	2020 £'000	2019 £'000
United Kingdom	78,452	70,187
Europe, Africa and Middle East	36,368	39,476
The Americas	64,531	56,773
Far East/Australasia	26,601	26,940
	205,952	193,376

No contract assets or liabilities have been recognised in the Balance sheet of the Group or the company. Their impact, if any is immaterial. The right for payment of goods is unconditional, except for the passage of time. Therefore, all rights to payment have been recorded as trade receivables.

No assets related to costs to obtain or fulfil a contract have been recognised. Their impact if any are not deemed material.

2 Employee benefit costs

	2020 £'000	2019 £'000
Wages and salaries	27,662	29,403
Social security costs	2,488	2,882
Other pension costs	1,268	1,165
	31,418	33,450

The company had no employees during this year (2019: nil).

The average monthly number of persons (including directors) employed by the group during the year was as follows:

By activity	2020 Number	2019 Number
Production	826	964
Selling and distribution	150	155
Administration	194	230
	1,170	1,349

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Employee benefit costs (continued)

Directors' emoluments

	2020 £'000	2019 £'000
Directors:		
Aggregate emoluments	1,140	781

Retirement benefits are accruing to no directors under a defined benefit scheme (2019: none).

The highest paid director received aggregate emoluments of £581,000 (2019 £506,000).

3 Exceptional items

The group has incurred the following exceptional costs in the year:

	2020 £'000	2019 £'000
Product recall costs	-	(94)
Strategic review of the business costs	1,139	1,730
Legal costs	211	917
	1,350	2,553

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 Operating Profit

The group operating profit is stated after (crediting)/charging:

	2020 £'000	2019 £'000
Changes in inventories of finished goods and WIP	(320)	(273)
Raw materials and consumables used	84,491	80,736
Employee benefit expense	31,418	33,450
Depreciation and amortisation	9,291	9,821
Transportation expense	482	4,620
Advertising cost	17,494	15,138
Exceptional costs	1,350	2,553
Other expense	36,311	28,745
Other income	(58)	(15)
Total cost of sales, distribution costs, exceptional admin expenses, admin expenses and other income	180,459	174,775

Auditors' remuneration is analysed as follows:

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Audit services:				
Fees payable to the company's auditors for the audit of the parent company and consolidated financial statements	23	6	23	6
Audit of the company's subsidiaries	270	-	273	-
Non audit services:				
Other non audit	89	-	52	-
Tax compliance	138	-	138	-

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

5 Finance income / (costs)

	2020 £'000	2019 £'000
Bank interest receivable	126	229
Finance income	126	229
Interest on loans	4,003	5,947
Amortisation of deferred finance costs	2,630	751
Bank interest payable	45	84
Bank guarantee fees	172	169
Bank commitment fees	56	80
Interest element of leases	419	460
Discount unwind – on management incentive plan	2,338	2,117
Finance costs	9,663	9,608

All interest receivable and payable is calculated using the expected interest rate method. Deferred finance costs were fully amortised in the year, as the result of refinancing the term loan.

6 Taxation

(a) Analysis of charge in the year

The analysis of the group taxation charge/(credit) during the year was as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax	4,185	(758)
Overseas tax	801	1,333
Adjustment in respect of prior years	725	(1,133)
Total current tax charge/(credit)	5,711	(558)
Deferred tax:		
Origination and reversal of timing differences (note 11)	(2,580)	(2,236)
Total tax charge/(credit) (note 6(b))	3,131	(2,794)

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Taxation (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK: 19% (2019: 19%). The differences are explained below.

	2020 £'000	2019 £'000
Profit before tax	15,956	9,222
Multiplied by the standard rate of corporation tax in the UK: 19% (2019: 19%)	3,032	1,752
<i>Effects of:</i>		
Difference in foreign tax rates	(127)	452
Deferred tax not recognised	118	131
Capital allowances for the period in excess of depreciation	(4)	(4)
Adjustment in relation to prior years	725	(1,133)
Expenses (allowed)/not allowed for tax purposes	(613)	(3,992)
Total charge/(credit)	3,131	(2,794)

(c) Factors affecting future tax charges

Certain companies within the group have unutilised tax losses brought forward, which may be used in future years to reduce tax charges if taxable profits arise in those companies.

An increase to the UK corporation tax rate was announced by the UK government as part of their budget on 3 March 2021, such that the main rate will increase to 25% from 1 April 2023.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Retirement benefits

The group operates a defined benefit scheme, the Baby & Child Retirement Benefit Plan. Expected contributions to the defined benefit plan for the year ending 31 December 2020 are £795,000 (2019: £535,000).

The assets of the scheme are administered by trustees. The scheme is closed to new employees. There is no liability for post-employment medical benefits recognised in the group on the basis of mortality.

The contribution payable for the year is based upon the pensionable salaries of those employees who are members of the schemes. Contributions at a rate of 0% (2019: 0%) of pensionable salaries have been agreed for future years.

The amounts recognised in the statement of financial position are determined as follows:

	2020 £'000	2019 £'000
Present value of funded obligations	(32,229)	(30,670)
Fair value of plan assets	40,108	36,432
Pension surplus	7,879	5,762

The amounts recognised in the statement of comprehensive income are as follows:

	2020 £'000	2019 £'000
Past service cost	18	-
Interest income on net surplus	(129)	(179)
Total included in employee benefit costs	(108)	(179)
Remeasurement profit/(loss)	1,214	(448)
Deferred tax thereon (note 11)	(231)	76
Net total included within other comprehensive income	983	(372)
Cumulative remeasurement recognised in the statement of other comprehensive income	1,776	793

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Retirement benefits (continued)

The movement in the present value of scheme liabilities over the year is as follows:

	2020 £'000	2019 £'000
At 1 January	30,670	26,870
Past service cost	18	-
Interest cost	598	817
Remeasurement loss from change in financial assumptions	3,654	4,614
Remeasurement loss/(gain) from changes in demographic assumptions	187	(592)
Experiences gains arising on liabilities	(2,070)	-
Benefits paid	(828)	(1,039)
At 31 December	32,229	30,670

The movement in the fair value of plan assets over the year is as follows:

	2020 £'000	2019 £'000
At 1 January	36,432	32,366
Interest income	727	996
Remeasurement gain/(loss)	2,985	3,574
Employer contributions	795	535
Expenses paid	(3)	-
Benefits paid	(828)	(1,039)
At 31 December	40,108	36,432

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Retirement benefits (continued)

The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	1.51%	1.98%
Inflation – RPI	3.00%	2.91%
Inflation – CPI	2.20%	2.01%
Future salary increases	n/a	n/a
Future pension increases	2.95%	2.87%

Mortality rate

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in each territory. The average life expectancy in years of a pensioner retiring at age 65 on the balance sheet date is as follows;

	2020	2019
Male	21.2	21.3
Female	24.0	23.2

The average longevity in years of a pensioner retiring at age 65, 20 years after the accounting date is as follows:

	2020	2019
Male	22.2	22.3
Female	25.1	24.4

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.5%	Increase by £3.1m
Inflation	Increase by 0.5%	Increase by £2.5m
Mortality improvement	0.25% p.a. increase in long-term improvement rate	Increase by £0.3m

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied consistently with calculating the pension liability recognised within the statement of financial position.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

7 Retirement benefits (continued)

Plan assets are comprised as follows:

	2020		2019	
	£'000	%	£'000	%
Corporate bonds	24,751	61.81	23,106	63.54
Inflation & Int bond	11,223	27.99	8,904	24.44
Diversified fund	2,429	6.05	2,318	6.36
Cash	1,659	4.14	2,057	5.65
Other	46	0.01	47	0.01
	40,108	100.00	36,432	100.00

The plan assets are invested in pooled investment funds which are not considered to have a quoted market price in an active market as defined in IFRS 13. The underlying investments of these funds are corporate bonds.

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

The company does not operate a pension scheme.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Property, plant and equipment

Group	Short leasehold property £'000	Plant and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 January 2019	1,959	13,989	2,575	18,523
Adoption of IFRS 16	11,556	452	-	12,008
Additions	-	-	3,361	3,361
Disposals	-	(196)	-	(196)
Transfers	25	5,455	(5,480)	-
Exchange adjustments	(78)	(588)	-	(666)
At 31 December 2019	13,462	19,112	456	33,030
Additions	283	13	2,633	2,929
Disposals	(65)	(1,246)	-	(1,311)
Transfers	32	1,662	(1,694)	-
Exchange adjustments	5	151	-	156
At 31 December 2020	13,717	19,692	1,395	34,804
Accumulated depreciation and impairment				
At 1 January 2019	226	4,498	-	4,724
Charged during the year	1,828	3,223	-	5,051
Disposals	-	(76)	-	(76)
Exchange adjustments	(67)	(510)	-	(577)
At 31 December 2019	1,987	7,135	-	9,122
Charged during the year	1,596	2,985	-	4,581
Disposals	(65)	(1,160)	-	(1,225)
Impairment loss	-	1,077	-	1,077
Exchange adjustments	79	32	-	111
At 31 December 2020	3,597	10,069	-	13,666
Net book value				
At 31 December 2020	10,120	9,623	1,395	21,138
At 31 December 2019	11,475	11,977	456	23,908

The company has no tangible fixed assets.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Property, plant and equipment (continued)

(a) Impairment loss

As part of the annual impairment review, a small number of specific operational assets were identified as being impaired. The impairment of these specific assets is due to the refresh of certain product lines and investment in replacement assets which has reduced the value of the current assets. The impairment loss is included in administrative expenses in the statement of profit or loss.

(b) Leased assets

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets	31 December 2020	31 December 2019
	£'000	£'000
Short leasehold property	8,945	10,112
Plant and Equipment	119	285
	9,064	10,397
Lease liabilities		
Current	1,128	1,214
Non-Current	7,662	8,790
	8,790	10,004

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Property, plant and equipment (continued)

Leased assets (continued)

(ii) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge on right-of-use assets	2020	2019
	£'000	£'000
Short leasehold property	1,450	1,444
Plant and equipment	179	167
	1,629	1,611
Interest expense	420	460

The total cash outflow for leases in 2020 was £1,930,000 (2019: £1,770,000).

(iii) The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, factory premises, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 25 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Property, plant and equipment (continued)

(iii) The group's leasing activities and how these are accounted for (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonable certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Intangible assets and goodwill

Group	Brands £'000	Customer Lists £'000s	Software £'000	Research & Development £'000	Goodwill £'000	Total £'000
Cost						
At 1 January 2019	60,165	1,158	4,262	3,363	224,420	293,368
Additions	200	-	2,408	580	-	3,188
Disposal	-	(366)	-	-	-	(366)
Exchange adjustments	-	-	(11)	-	-	(11)
At 31 December 2019	60,365	792	6,659	3,943	224,420	296,179
Additions	682	-	783	766	-	2,231
Disposal	(360)	-	(555)	(147)	-	(1,062)
Exchange adjustments	15	29	5	-	-	49
At 31 December 2020	60,702	821	6,892	4,562	224,420	297,397
Accumulated amortisation and impairment						
At 1 January 2019	5,204	242	1,537	51	-	7,034
Charge for the year	2,255	81	1,075	1,360	-	4,771
Exchange adjustments	-	-	(8)	-	-	(8)
At 31 December 2019	7,459	323	2,604	1,411	-	11,797
Charge for the year	2,595	376	1,169	686	-	4,826
Disposals	(66)	-	(546)	(18)	-	(630)
Impairment loss	-	-	310	487	-	797
Exchange adjustments	-	-	1	-	-	1
At 31 December 2020	9,988	699	3,538	2,566	-	16,791
Net book value						
At 31 December 2020	50,714	122	3,354	1,996	224,420	280,606
At 31 December 2019	52,906	469	4,055	2,532	224,420	284,382

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

9 Intangible assets and goodwill (continued)

There was no goodwill or other intangible assets arising in the company.

Amortisation charge for the year is included in 'Admin expenses' in the statement of other comprehensive income.

Brands represents the value of brands owned by the group as well as patents the group has on its products. The remaining amortisation periods for these assets are between 9 and 26.5 years and 16.5 years respectively.

Customer lists represent the value of customer data acquired by the group. The remaining amortisation periods for these assets are 2 years.

As part of the annual impairment review, a small number of specific intangible assets were identified as being impaired. The impairment of these specific assets is due to the refresh of certain product lines and investment in replacement assets which has reduced the value of the current assets. The impairment loss is included in administrative expenses in the statement of profit or loss.

Goodwill is tested annually for impairment, or more frequently if there are indicators that goodwill might be impaired. Goodwill is tested for impairment by estimating future cash flows from the cash generating units to which goodwill has been allocated and discounting these cash flows to their present value. The key assumptions in these calculations are in respect of discount rates used and the change in cash flows. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units.

Cash flows are estimated using the most recent forecast information for the years 2021 to 2024, based on an estimated growth rate of 2% excluding inflation (2019: 2%). The post-tax discount rate used to discount the forecast cash flows is 10% (2019: 10%).

The directors consider the assumptions adopted in calculating the cash flows to be consistent with historical performance and to be reasonable given current market conditions. The directors do not believe that there are any reasonably possible changes to key assumptions which would cause an impairment.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investments

	Company £'000
Cost and net book value	
At 1 January 2019	201,929
Additions	-
At 31 December 2019	201,929
Additions	-
At 31 December 2020	201,929

The company's subsidiary undertakings are all held indirectly with the exception of Jake Holdings Limited and all direct and indirect subsidiaries of the company are listed below.

Companies registered at: Mayborn House, Balliol Business Park, Benton Lane, Newcastle upon Tyne, NE12 8EW.

Subsidiary companies	Main activities	% ordinary shares	Country of registration
Jake Holdings Limited	Holding company	100%	England
Jake Investment Limited	Holding company	100%	England
Jake Nominees Limited	Holding company	100%	England
Jake Acquisitions Limited	Holding company	100%	England
Mayborn Group Limited	Holding company	100%	England
Mayborn UK Limited	Design and distribution of baby products	100%	England
Sangenic International Limited	Manufacture and distribution of the Sangenic nappy disposal system	100%	England
Steri-bottle UK Ltd	Sourcing and distribution of baby accessory products	100%	England
Kindertec Limited	Sourcing and distribution of baby accessory products	100%	England
Tommee Tippee Limited	Dormant	100%	England
Mayborn Limited	Dormant	100%	England
G. E Romney (BAMA) Ltd	Dormant	100%	England
Haditos Limited	Dormant	100%	England
Technomould Limited	Dormant	100%	England
Edizol Limited	Dormant	100%	England
Lord Sheraton Limited	Dormant	100%	England
Niche Plastics Limited	Dormant	100%	England
Brookline Delta Limited	Dormant	100%	England
Gro-Group Holdings Ltd	Holding company	100%	England
Gro-Group Limited	Holding Company	100%	England
Gro-Group Int Limited	Distribution of baby products	100%	England
Fosse Management Ltd	Dormant	100%	England

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investments (continued)

Companies with other registered offices

Subsidiary companies	Main activities	% ordinary shares	Registered office
The Maws Group Limited	Dormant	100%	Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX, Scotland
Jackel International (UK) Limited	Dormant	100%	Capella Building (Tenth Floor), 60 York Street, Glasgow, G2 8JX, Scotland
Mayborn USA Inc	Distribution of baby accessory products	100%	Portion, 11 th Floor 1010 Washington Boulevard, Stamford, Connecticut 06910
Mayborn ANZ PTY Limited	Distribution of baby accessory products	100%	Unit 21, 15 Ricketts Road, Mount Waverley, Victoria 3149, Australia
Mayborn France SARL	Distribution of baby accessory products	100%	24 rue Alfred Kastler, 56000 Vannes, France
Mayborn Morocco SARL	Manufacture of baby accessory products	100%	Lot n° Y, Zone Franche d'Exportation de Tanger, 90100 Tangier, Morocco
Mayborn Japan KK	Non trading	100%	c/o TA Lawyers GKJ, Shiroyama Trust Tower, Toranomon 4-3-1, Minato-ku, Tokyo, Japan
PMM China Limited	Holding company	100%	14/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Jackel International China Limited	Manufacturing of baby accessory products	100%	Shujiu Industrial Park Changping Town Dongguan City, People's republic of China
Product Marketing Mayborn Limited	Sourcing and distribution of baby accessory products	100%	14/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Jackel China Limited	Manufacturing of baby accessory products	100%	14/F, China Aerospace Centre, 143 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Gro-Global (Shenzhen) Trading Co., Ltd	Sourcing of baby products	100%	31A, Huifu Ge, Block B, Cai Fu Building, Futian District, China
Gro-Company Australia Pty Ltd	Distribution of baby products	100%	Unit 21, 15 Ricketts Road, Mount Waverley, Victoria 3149, Australia

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Investments (continued)

Joint Venture			
Kunshan Goodbaby Tommee Tippee Child Products Company Limited	Dormant	49%	Li Ji Road, Kunshan Development Zone, Jiangsu Province, People's Republic of China

The directors believe that the carrying value of the investments is supported by their underlying net assets and expected future earnings.

Mayborn (UK) Limited, Sangenic International Limited, Jake Nominees Limited, Jake Holdings Limited, Jake Investment Limited, Jake Acquisitions Limited, Kindertec Limited, Gro-Group International Limited and Mayborn Group Limited have not been subject to an audit due to guarantee provided from Success Bidco 2 Limited in accordance with Section 479a of the Companies Act 2006 related to subsidiary companies.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Deferred tax assets/ (liabilities)

Group	Depreciation in excess of capital allowances £'000	Recognition of assets on business combination £'000	Other short term timing differences £'000	Cash flow hedges £'000	Retire- ment benefits scheme £'000	Total £'000
As at 1 January 2019	520	(9,427)	198	(65)	(929)	(9,703)
Credited/(charged) to income statement	(240)	421	2,182	-	(127)	2,236
Tax on actuarial gain on retirement benefits scheme	-	-	-	-	76	76
Tax on fair value gain on hedging instruments	-	-	-	(146)	-	(146)
As at 31 December 2019	280	(9,006)	2,380	(211)	(980)	(7,537)
Credited/(charged) to income statement	50	421	2,337	(25)	(203)	2,580
Tax on actuarial gain on retirement benefits scheme	-	-	-	-	(78)	(78)
Tax on fair value gain on hedging instruments	-	-	-	258	-	258
As at 31 December 2020	330	(8,585)	4,717	22	(1,261)	(4,777)
To be recovered within 12 months	-	(376)	4,717	22	-	4,363
To be recovered after more than 12 months	330	(8,209)	-	-	(1,261)	(9,140)
Deferred tax Asset	330	-	4,717	22	-	5,069
Deferred tax Liability	-	(8,585)	-	-	(1,261)	(9,846)
Total	330	(8,585)	4,717	22	(1,261)	(4,777)

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

11 Deferred tax assets/ (liabilities) (continued)

The deferred tax asset has been recognised on the basis that management consider it to be fully recoverable against future profits of the business.

At 31 December 2020 the company has a deferred tax liability of £nil (2019: £nil).

12 Inventories

Group	2020 £'000	2019 £'000
Raw materials	1,631	1,575
Work in progress	127	80
Finished goods	21,719	21,502
	23,477	23,157

There is a provision of £2,059,000 (2019: £2,020,000) against inventories. The cost of inventories recognised as an expense and included in cost of sales during the year is £84,491,000 (2019: £80,736,000).

The company has no inventory.

13 Trade and other receivables

	Group 2020 £'000	Company 2020 £'000	Group 2019 £'000	Company 2019 £'000
Trade receivables	41,455	-	37,840	-
Less: provision for impairment of trade receivable	(3,458)	-	(5,276)	-
Net trade receivables	37,997	-	32,564	-
Owed by subsidiary undertakings	219	15,500	294	19,952
Owed by parent companies	375	12	224	-
Other debtors	2,172	-	758	12
Prepayments and accrued income	2,423	145	920	162
	43,186	15,657	34,760	20,126

There is no significant difference between the carrying value and fair value of trade and other receivables. Amounts owed by subsidiary undertakings are unsecured, repayable on demand and have interest charged at 2.5%.

Upon assessment of the impact of expected credit loss on the unprovided for balance of trade and intercompany receivables, the directors have not identified any material amounts of expected credit loss.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Derivative financial instruments

Group	2020		2019	
	Asset £'000	Liability £'000	Asset £'000	Liability £'000
Forward foreign exchange contracts – cash flow hedges	-	(120)	1,240	-
Total	-	(120)	1,240	-
Less non-current portion:				
Interest rate swaps – cash flow hedges	-	-	-	-
Current portion	-	(120)	1,240	-

The company has no derivative financial instruments.

(a) Forward currency contracts

The group enters into forward currency contracts. The purpose of such transactions is to manage the currency risks arising from the group's operations and its sources of finance.

The terms of the forward currency contracts are as follows:

	Maturity date	Exchange rates
Sell Euro €	< 1 year	1.1074 to 1.1261
Buy Hong Kong \$	< 1 year	9.95 to 10.58677
Sell Australian Dollars \$	< 1 year	1.7654 to 1.869
Sell US Dollars \$	< 1 year	1.3435 to 1.386

The notional principal amounts of the outstanding forward foreign exchange selling contracts held for trading at 31 December 2020 were Euro €30,630,000 (2019: Euro €20,160,000); the fair value of these contracts at 31 December 2020 was an asset of £21,000 (2019: asset of £638,000).

The notional principal amounts of the outstanding forward foreign exchange buying contracts held for trading at 31 December 2020 were Hong Kong \$135,000,000 (2019: Hong Kong \$90,000,000); the fair value of these contracts at 31 December 2020 was a liability of £259,000 (2019: liability of £279).

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

14 Derivative financial instruments (continued)

(a) Forward currency contracts (continued)

The notional principal amounts of the outstanding forward foreign exchange selling contracts held for trading at 31 December 2020 were Australian \$23,888,000 (2019: Australian \$15,840,000); the fair value of these contracts at 31 December 2020 was a liability of £202,000 (2019: asset of £119,000)

The notional principal amounts of the outstanding forward foreign exchange selling contracts held for trading at 31 December 2020 were American \$75,213,000 (2019: \$28,800,000); the fair value of these contracts at 31 December 2020 was an asset of £320,000 (2019: liability of £763,000)

Trading derivatives are classified as a current asset or liability. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedge item is more than 12 months, and as a current asset or liability if the maturity of the hedge item is less than 12 months. The ineffective portion recognised in profit or loss amounts to £Nil (2019: £nil).

The derivatives' fair value is categorised as Level 2, defined as inputs other than quoted prices that are observable for the asset or liability.

The hedged forecast transactions denominated in foreign currency are expected to occur at various dates during the 12 months of 2021.

(b) Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2020 were £nil (2019: £nil) the swap agreement terminated on 30 September 2019 and was not renewed.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

15 Trade and other payables

	Group	Company	Group	Company
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Trade payables	14,654	-	16,432	-
Other taxation and social security	1,842	-	887	-
Other creditors	4,441	-	4,054	-
Lease liabilities	8,790	-	10,004	-
Amounts owed to parent companies	3,999	3,999	4,038	4,038
Accruals and deferred income	24,127	1,261	19,246	1,023
Corporation tax	8,871	-	3,046	-
	66,724	5,260	57,707	5,061

Amounts owed to subsidiary and parent undertakings are unsecured, repayable on demand and have interest charged at 2.5%.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

16 Borrowings

	Group	Company	Group	Company
	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Included in current liabilities:				
Preference shares	31,253	31,253	31,253	31,253
Total current borrowings	31,253	31,253	31,253	31,253
Included in non-current liabilities:				
Loan stock	119,925	119,925	124,370	124,370

The loan stock at 31st December 2020 is analysed as follows:

At 31 December 2020			
	Loans outstanding	Capitalised cost of raising finance	Net amount payable
Group	£'000	£'000	£'000
Loans due in more than one year			
Bank loan	120,000	(75)	119,925

At 31 December 2019			
	Loans outstanding	Capitalised cost of raising finance	Net amount payable
Group and company	£'000	£'000	£'000
Loans due in more than one year			
Bank loan	127,000	(2,630)	124,370

On 27th March 2020 the group repaid the £127m term loan with the previous lending syndicate and drew down a new 5 year term loan of £120m with The Bank of China. The loan carries interest at 2.58% above LIBOR. The preference shares were issued on 23rd June 2016 and carried an 8% dividend in 2016. The interest has been waived by the parent company since 2018. They are redeemable by the company at any time.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

17 Called up share capital and other reserves

(a) Called up share capital

	Number of £0.01 ordinary shares	Number of £0.0088 ordinary B shares	Total £'000s
Allotted and fully paid			
At 31 December 2018	13,100,000,001	3,320,000,000	160,216
At 31 December 2019	13,100,000,001	3,320,000,000	160,216
At 31 December 2020	13,100,000,001	3,320,000,000	160,216

The 'B' shares carry equal voting rights to the ordinary shares.

(b) Hedging reserve

The group enters into forward currency contracts which are accounted as cash flow hedges. The hedging reserve is comprised of the cash flow hedge reserve. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges for further information on the cash flow hedges please see note 14(a).

(c) Other reserves

Other reserves is comprised of the foreign exchange movement on 'B' ordinary shares due to redenomination. The 'B' shares were issued on 23rd June 2016 at a value of €0.01, at which point the EUR to GBP exchange rate was 1.3015. They were redenominated to GBP at £0.0088 per share on 14th March 2017, when the EUR to GBP exchange rate was 1.1432.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

18 Share Based Payments

(a) Share Appreciation Rights

In June 2016, the board decided to reward managers for their contribution to the performance of the group by granting them 25,680 share appreciation rights (SARs). The rights entitle the employees to a cash payment after six years of service, with interim vesting periods in 2020 and 2021. The amount payable is measured indirectly and will be determined based on the increase of Success Bidco 2 Limited's enterprise value between the grant date (23 June 2016) and the vesting date (31 December 2022). The rights must be exercised within specified vesting periods over the final three years of the scheme and will expire if not exercised by the final date.

The fair value of the SARs was determined based on the expected 'enterprise value' of the group at 2022 based on a fixed EBITDA multiple set out in the agreement, discounted to a present value at a rate of 12%. The valuation also takes into account a hurdle rate and a put option to increase the multiple based on an independent valuation if called by the members. The carrying amount of the liability in relation to this scheme is £18m (2019: £13.4m), this has been provided to Success Bidco 2 Limited as a capital contribution from its parent company and is reflected within reserves. Amounts of £4.5m (2019: £4.3m) have been charged to the Consolidated statement of comprehensive income in respect of the scheme for the current year.

The above is accounted for as an equity settled share-based payment under IFRS2.

As at 31 December 2020 8,560 of the SARs vested (2019: none) and none had been exercised (2019: none).

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2020	2019
	£'000	£'000
Share appreciation rights	4,503	4,348

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Group	Financial assets at amortised cost through profit & loss £'000	Derivatives used for hedging £'000	Total £'000
At 31 December 2020			
Trade and other receivables excluding pre-payments	40,763	-	40,763
Cash and cash equivalents	62,315	-	62,315
	Other financial liabilities £'000	Derivatives used for hedging £'000	Total £'000
Trade payables	(14,654)	-	(14,654)
Derivative financial instruments	-	(120)	(120)
Other payables	(13,231)	-	(13,231)
Borrowings	(151,178)	-	(151,178)
Group	Financial assets at amortised cost through profit & loss £'000	Derivatives used for hedging £'000	Total £'000
At 31 December 2019			
Trade and other receivables excluding pre-payments	33,840	-	33,840
Derivative financial instruments	-	1,240	1,240
Cash and cash equivalents	43,984	-	43,984
	Other financial liabilities £'000	Derivatives used for hedging £'000	Total £'000
Trade payables	(16,432)	-	(16,432)
Other payables	(14,586)	-	(14,586)
Borrowings	(155,623)	-	(155,623)

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Financial instruments by category (continued)

Company At 31 December 2020	Amortised cost £'000	Total £'000
Trade and other receivables excluding pre-payments	15,512	15,512
	Other financial liabilities £'000	Total £'000
Borrowings	(151,178)	(151,178)
Other payables	(3,999)	(3,999)

Company At 31 December 2019	Financial assets at amortised cost through profit & loss £'000	Derivatives used for hedging £'000	Total £'000
Trade and other receivables excluding pre-payments	19,964	-	19,964
Derivative financial instruments	-	-	-
Restricted cash	-	-	-
Cash and cash equivalents	6,718	-	6,718
	Other financial liabilities £'000	Derivatives used for hedging £'000	Total £'000
Borrowings	(155,623)	-	(155,623)
Other payables	(4,039)	-	(4,039)

All derivatives in the Group and Company used for hedging are held at fair value through other comprehensive income.

No assets or liabilities are held at fair value through profit and loss.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Financial instruments by category (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting arrangements:

Group	2020					
	Carrying Amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Borrowings	151,178	151,178	31,253	-	119,925	-
Trade payables	14,654	14,654	14,654	-	-	-
Other payables	13,231	13,231	13,231	-	-	-
2019						
Group	Carrying Amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Borrowings	155,623	158,253	31,253	-	127,000	-
Trade payables	16,432	16,432	16,432	-	-	-
Other payables	14,586	14,586	14,586	-	-	-

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

19 Financial instruments by category (continued)

Company	2020					
	Carrying	Contractual	1 year	1 to 2	2 to 5	5 years
	Amount £'000	cash flows £'000	or less £'000	years £'000	years £'000	and over £'000
Non-derivative financial liabilities						
Borrowings	151,178	151,178	31,253	-	119,925	-
Other payables	3,999	3,999	3,999	-	-	-
2019						
Company	Carrying	Contractual	1 year	1 to 2	2 to 5	5 years
	Amount £'000	cash flows £'000	or less £'000	years £'000	years £'000	and over £'000
Non-derivative financial liabilities						
Borrowings	155,623	158,253	31,253	-	127,000	-
Other payables	4,039	4,039	4,039	-	-	-

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

20 Contingent liabilities and assets

Facilities agreement guarantee

The company and certain of its subsidiaries have jointly and severally agreed to the punctual performance of borrower's obligations under the Facilities Agreement dated 27 March 2020, as signed with the Group's lenders.

The Group's parent company has secured all monies due under the Facilities Agreement with fixed and floating charges over all property and assets of the parent company, in favour of HSBC Bank Plc, also in its capacity as security agent for the beneficiaries of the Facilities Agreement.

21 Financial risk management

The group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The group's overall risk management programme seeks to minimise potential adverse effects on the company's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

The group operates internationally and is exposed to foreign exchange risk, primarily with respect to the Euro, the US Dollar, the Hong Kong Dollar and the Australian Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Currency risk is managed in overall terms at a group level. The group has a net inflow of Euros and Australian dollars arising from its trading activities and has established a policy of selling forward up to 12 months' worth of its Euro and AUD revenue.

The group also has a net outflow of Hong Kong dollars arising from its trading activities and has established a policy of purchasing forward up to 15 months' worth of its Hong Kong dollar requirements. Certain forward contracts undertaken by the group under this policy are treated under IFRS 9 as cash flow hedges where they meet the requirements of the standard.

Sensitivities have been performed below based on the movement in currency rates during the year.

At 31 December 2020, if the Euro had weakened/strengthened by 10% (2019: 1.0%) against the UK pound with all other variables held constant, post-tax profit for the year would have been £171,000 (2019: £208,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of euro-denominated trade receivables and intercompany payables.

At 31 December 2020, if the Hong Kong/US Dollar had strengthened/weakened by 10% (2019: 5%) against the UK pound with all other variables held constant, post-tax profit for the year would have been £147,000 (2019: £448,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HK/US dollar-denominated intercompany payables.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Financial risk management (continued)

(a) Market risk (continued)

At 31 December 2020, if the Australian Dollar had weakened/strengthened by 10% (2019: 10%) against the UK pound with all other variables held constant, post-tax profit for the year would have been £81,000 (2019: £174,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Australian Dollar-denominated intercompany payables.

Interest bearing financial assets held by the group are restricted to cash balances which are subject to variable interest rates; income and cash flows are largely independent of the changes in market interest rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and derivative financial instruments, as well as credit exposures to wholesale and retail customers. For wholesale customers, external credit checks are carried out and credit limits put in place as appropriate. Management monitors impairment through the utilisation of credit limits and payment history regularly. The credit risk to the majority of customers in the UK is deemed sufficiently low to require insurance.

At the year end, four customers (2019: four) had a closing balance of more than 5% of total trade receivables totalling £15,679,000 (2019: £13,271,000). No credit limits were exceeded during the reporting year unless authorised and management does not expect any losses from non-performance by these counterparties.

There has been no material increase in credit risk of any items in the year or since their initial recognition. Amounts of write offs still subject to enforcement activity is not material.

The table below shows the ageing analysis of trade receivables at the year-end:

	Current £'000	0-3 months past due £'000	Over 3 months past due £'000	Impaired £'000	Total £'000
At 31 December 2020	26,490	14,490	475	(3,458)	37,997

	Current £'000	0-3 months past due £'000	Over 3 months past due £'000	Impaired £'000	Total £'000
At 31 December 2019	31,618	5,585	637	(5,276)	32,564

All other receivables are considered to be current. Intercompany receivables are repayable on demand and are therefore classified as current until request for payment is made.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Financial risk management (continued)

(b) Credit risk (continued)

There are no trade receivables within the company.

The carrying amounts of the group's trade receivables are denominated in the following currencies:

	2020 £'000	2019 £'000
Pounds	13,149	12,742
Euro	3,212	6,905
US Dollar	16,313	9,065
Other	5,323	3,852
	37,997	32,564

There are no trade receivables within the company.

Movements on the provision for impairment of trade receivables are as follows:

	2020 £'000	2019 £'000
At 1 January	5,276	2,650
Provisions utilised	(2,449)	-
Provisions credited	631	2,626
At 31 December	3,458	5,276

The other classes within trade and other receivables do not contain impaired assets.

No provision for expected credit loss under IFRS9 has been recognised on the grounds that its effect has been calculated to be immaterial.

There are no trade receivables within the company.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Financial risk management (continued)

(c) Liquidity risk

Management aims to manage liquidity risk through regular cash flow forecasting to ensure the company has sufficient available funds for operations and planned expansions.

The table below analyses the group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the accounting reference date to the contractual maturity date. The carrying value of financial liabilities is not considered to differ significantly from the contractual undiscounted cash flows.

	Less than 1 year £'000
At 31 December 2020	
Trade and other payables	66,724
<hr/>	
	Less than 1 year £'000
At 31 December 2019	
Trade and other payables	57,707

There are no trade payables in the company.

The table below analyses the group's foreign currency financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year £'000	Between 1-2 years £'000
At 31 December 2020		
Forward foreign exchange contracts – cash flow hedges:		
Outflow	6,403	-
Inflow	18,627	-
<hr/>		
	Less than 1 year £'000	Between 1-2 years £'000
At 31 December 2019		
Forward foreign exchange contracts – cash flow hedges:		
Outflow	6,403	-
Inflow	18,627	-

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

21 Financial risk management (continued)

(d) Capital risk management

The company's ultimate controlling party is Ping An Insurance Company, who determine the capital structure that is appropriate for the Group. The management have control over the working capital requirements of the business in conjunction with the Board.

The business has regular forecasting processes that determine the level of working capital that is required by the business in order to efficiently manage the business. The requirements are reviewed to ensure that the business has the financial capacity to meet them, or has sufficient incremental facilities to create the capacity.

The working capital utilised within the business is regularly monitored and formally reported on every month at Board level, to ensure that the working capital is being used appropriately. This analysis is supported by the monitoring of performance against relevant KPIs

22 Related party transactions

Key management compensation

Key management include members of the group's executive board who are employed by the group's trading subsidiaries. Compensation paid to key management for employee services during the year were.

	2020	2019
	£'000	£'000
Salaries and other short-term employee benefits	2,818	2,602

The company is related to all of its direct and indirect subsidiaries a full list of whom is included in note 10 along with details of their registered office.

During the year the company made the following sales to its parent company, is Shanghai Jahwa United Co. Ltd.

	2020	2019
	£'000	£'000
Sales of product	646	2,129

Success Bidco 2 Limited

Notes to the financial statements for the year ended 31 December 2020 (continued)

22 Related party transactions (continued)

At the year end the following balances were owed by / (to) Shanghai Jahwa United Co. Ltd.

	2020	2019
	£'000	£'000
Sales invoices	57	1,075
Jahwa service charge	-	(39)

23 Ultimate parent company

The immediate parent undertaking of the company is Glamour Time Limited, a company incorporated in the British Virgin Islands. The ultimate parent company is Shanghai Jahwa United Co. Ltd, a company based in China. The ultimate controlling interest is held by Ping An Insurance (Group) Company of China Limited, a company based in China, due to their controlling interest in Shanghai Jahwa United Co. Ltd.

These financial statements are the smallest group of consolidated financial statements. The largest group to consolidate these financial statements are those of Ping An Insurance (Group) Company of China Limited copies of which can be obtained from the company's website.