

SILVER CROSS NURSERIES LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
PERIOD FROM 29 DECEMBER 2009 TO
31 DECEMBER 2010

Company Registration Number: 07112004



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30/09/2011
COMPANIES HOUSE

RSM Tenon Limited
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

SILVER CROSS NURSERIES LIMITED
FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 4
Independent auditor's report to the members	5 to 6
Consolidated profit and loss account	7
Consolidated statement of total recognised gains and losses	8
Consolidated balance sheet	9
Company Balance Sheet	10
Consolidated cash flow statement	11
Notes to the financial statements	12 to 22

SILVER CROSS NURSERIES LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
PERIOD ENDED 31 DECEMBER 2010

The board of directors	D A Halsall
Business address	Micklethorn Broughton Skipton North Yorkshire BD23 3JA
Registered office	Micklethorn Broughton Skipton North Yorkshire BD23 3JA
Auditor	RSM Tenon Audit Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Accountants	RSM Tenon Limited Sumner House St Thomas's Road Chorley Lancashire PR7 1HP
Bankers	National Westminster Bank Plc 35 Fishergate Preston Lancashire PR1 3BH Handelsbanken First Floor Centre of Excellence Hope Park Bradford BD5 8HH

SILVER CROSS NURSERIES LIMITED

THE DIRECTORS' REPORT

PERIOD ENDED 31 DECEMBER 2010

The directors present their report together with the financial statements for the period ended 31 December 2010

Principal activities and business review

The group's principal activity during the year was that of a manufacturer of prams and related nursery products

The principal activity of the company during the year was that of a holding company

The company was incorporated on 23 December 2009 as Napco 3 Limited and changed its name to Silver Cross Nurseries Limited on 19 February 2010. The company was incorporated with an issued share capital of 550 'A' Ordinary shares and 450 'B' Ordinary shares of £1 each.

On 29 December 2009, the company acquired all of the share capital of Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) in exchange for all of its issued share capital. The company has been acting as the holding company for the group since this date.

On 3 April 2010, 79 'A' Ordinary shares and 64 'B' Ordinary shares of £1 each were repurchased by the company for a total consideration of £1,001,000. These shares were subsequently cancelled on the same day. This represents 14.3% of the total share capital.

The year saw exciting developments for Silver Cross.

The Surf Pushchair achieved some tremendous sales volumes and sales of Nursery Toys grew at a very satisfactory rate. Sales of Strollers, Car seats and other wheeled products all increased in what is a very challenging and competitive market.

The group continues to develop new product lines, the most exciting of which is Nursery Furniture, which was on show for the first time at Olympia in October 2010.

Following the launch of the Silver Cross website in 2009, sales have attained satisfactory levels in the first full year of trading.

The group remains well placed to face the challenges ahead. The balance sheet is robust with Shareholders funds of £3,378k, with no bank debt.

The group is subject to foreign exchange risks arising out of movements in the USD/GBP exchange rate. The risk is mitigated by the use of foreign exchange contracts which are used to protect the company from fluctuations in the exchange rate.

Results and dividends

The profit on ordinary activities of the group, after taxation, amounted to £625,877. The directors have not recommended a dividend.

Financial risk management objectives and policies

The group and company finance their operations through retained profits. Management's objectives are to

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds and,
- Minimise the group's and company's exposure to fluctuating exchange rates by entering into forward foreign exchange contracts.

SILVER CROSS NURSERIES LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 31 DECEMBER 2010

The company's funds are invested in sterling and foreign currency bank accounts. Where appropriate, funds are held primarily in current accounts. The directors believe that this gives them the flexibility to release cash resources at short notice and also allows them to take advantage of changing conditions in the finance market as they arise. All current accounts are with reputable banks.

The group uses forward exchange contracts to hedge its risk exposure on fluctuating foreign currencies.

Directors

The directors who served during the year were as follows:

D A Halsall – appointed 23 December 2009

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time, the financial position of the group and company and to enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SILVER CROSS NURSERIES LIMITED

THE DIRECTORS' REPORT *(continued)*

PERIOD ENDED 31 DECEMBER 2010

Donations

During the year the group made the following contributions

Silver Cross (UK) Limited

	2010 £
Charitable donations	<u>56,100</u>
Political donations and expenditure	<u>100</u>
The aggregate figure for political donations is made up as follows	
Conservative party	<u>100</u>

Auditor

RSM Tenon Audit Limited were appointed as auditors during the period

Registered office
Micklethorn
Broughton
Skipton
North Yorkshire
BD23 3JA

Signed by order of the directors


(D.A.H.)

× Mr D A Halsall
Director

× Approved by the directors on 29/9/2011

SILVER CROSS NURSERIES LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SILVER CROSS NURSERIES LIMITED
PERIOD ENDED 31 DECEMBER 2010

We have audited the group and parent company financial statements of Silver Cross Nurseries Limited on pages 7 to 22 for the period ended 31 December 2010. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2010 and of the group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

SILVER CROSS NURSERIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2010

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Julie Flintoff, Senior Statutory Auditor
For and on behalf of

RSM Tenon Audit Limited

RSM Tenon Audit Limited
Statutory Auditor
Sumner House
St Thomas's Road
Chorley
Lancashire
PR7 1HP

Date 29/9/2011

SILVER CROSS NURSERIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD ENDED 31 DECEMBER 2010

	Note	2010 £'000	2009 £'000
Turnover	2	19,787	17,950
Cost of sales		(12,803)	(10,505)
Gross profit		<u>6,984</u>	<u>7,445</u>
Distribution expenses		(2,679)	(2,688)
Administrative expenses		(3,642)	(3,333)
Other operating income	3	218	196
Other operating charges		-	(4)
Operating profit	4	<u>881</u>	<u>1,616</u>
Interest receivable		9	12
Interest payable and similar charges		(9)	(1)
Profit on ordinary activities before taxation		<u>881</u>	<u>1,627</u>
Tax on profit on ordinary activities	6	(255)	(467)
Profit on ordinary activities after taxation		<u>626</u>	<u>1,160</u>

All of the activities of the group are classed as continuing

All profits have been accounted for on an historical cost basis

The notes on pages 12 to 22 form part of these financial statements

SILVER CROSS NURSERIES LIMITED
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
PERIOD ENDED 31 DECEMBER 2010

	2010 £'000	<i>2009</i> <i>£'000</i>
Profit for the financial year attributable to the shareholders of the parent company	626	1,160
Currency translation differences on foreign currency net investments	(1)	9
Total gains and losses recognised since the last annual report	<u>625</u>	<u>1,169</u>

The notes on pages 12 to 22 form part of these financial statements

SILVER CROSS NURSERIES LIMITED

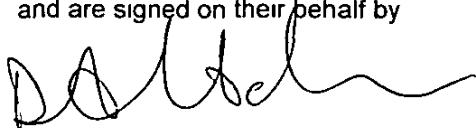
Registered Number 05123060

CONSOLIDATED BALANCE SHEET**31 DECEMBER 2010**

		2010		2009	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	7		48		52
Tangible assets	8		369		629
			<u>417</u>		<u>681</u>
Current assets					
Stocks	10	3,057		2,818	
Debtors	11	4,058		3,753	
Cash at bank		1,078		1,112	
		<u>8,193</u>		<u>7,683</u>	
Creditors: Amounts falling due within one year	12	<u>(5,232)</u>		<u>(4,610)</u>	
Net current assets			2,961		3,073
Total assets less current liabilities			<u>3,378</u>		<u>3,754</u>
Capital and reserves					
Called-up share capital	18		1		1
Capital redemption reserve	19		-		-
Merger reserve	19		-		-
Profit and loss account	19		3,377		3,753
Shareholders' funds	20		<u>3,378</u>		<u>3,754</u>

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

29/9/2011



✗ Mr D A Halsall
Director

The notes on pages 12 to 22 form part of these financial statements

SILVER CROSS NURSERIES LIMITED*Registered Number 07112004***COMPANY BALANCE SHEET****31 DECEMBER 2010**

		2010	
		£'000	£'000
Fixed assets	Note		
Investments	9		7,059
			<u>7,059</u>
Current assets			
Debtors	11	750	
Creditors: Amounts falling due within one year	12	<u>(741)</u>	
Net current assets			9
Total assets less current liabilities			<u>7,068</u>
Capital and reserves			
Called-up share capital	18		1
Capital redemption reserve	19		-
Merger reserve	19		6,999
Profit and loss account	19		68
Shareholders' funds	20		<u>7,068</u>

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

29/9/2011



× Mr D A Halsall
Director

The notes on pages 12 to 22 form part of these financial statements

SILVER CROSS NURSERIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
PERIOD ENDED 31 DECEMBER 2010

		2010		2009	
		£'000	£'000	£'000	£'000
	Note				
Net cash inflow from operating activities	21		1,357		320
Returns on investments and Servicing of finance					
Interest received		9		12	
Interest paid		(9)		(1)	
Net cash inflow from returns on investments and servicing of finance			-		11
Taxation			(302)		(393)
Capital expenditure					
Payments to acquire tangible fixed assets		(119)		(139)	
Receipts from sale of fixed assets		31		-	
Net cash outflow from capital expenditure			(88)		(139)
Financing					
Purchase of own equity shares		(1)		-	
Premium on purchase of own equity shares		(1,000)		-	
			(1,001)		-
Net cash outflow from financing					
Decrease in cash	21		(34)		(201)

The notes on pages 12 to 22 form part of these financial statements

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all of its subsidiary undertakings made up to the balance sheet date. The company acquired its interest in Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) on 29 December 2009 on a share for share exchange basis. Merger accounting principles have been adopted in the preparation of the results to reflect the position as if the group had legally existed for the past two financial periods.

The company is exempt from the requirement to present its own profit and loss account under the provisions of Section 408 of the Companies Act 2006.

Intangible fixed assets

Goodwill arising on consolidation, representing the excess of the fair value of consideration paid over the fair value of the net assets acquired, is capitalised and amortised over a maximum economic life of 20 years.

Intellectual property is stated at cost and is written off over its' expected useful economic life or over the period of five years, whichever is the shorter. The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the estimated useful economic life of that asset as follows:

Goodwill	-	20 years
Intellectual property	-	5 years

Turnover

Turnover represents the invoiced amounts of goods sold less returns and allowances, excluding value added tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost is defined as the purchase price of the asset plus other directly attributable costs to bring the asset into the working condition for its intended use.

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

1. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows

Leasehold property	- 11% straight line
Plant & Machinery	- 33% straight line
Motor Vehicles	- 25% straight line
Fixtures & Fittings	- 25% straight line
Office Equipment	- 33% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost represents purchase invoice price together with any incidental costs of purchase.

Operating lease agreements

Rentals payable under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Deferred taxation

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

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not there will be substantial taxable profits from which future reversals of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group

An analysis of turnover is given below

	Group 2010 £'000	<i>Group 2009 £'000</i>
United Kingdom	16,933	15,412
Asia	2,854	2,532
USA	-	6
	<u>19,787</u>	<u>17,950</u>

3. Other operating income

	Group 2010 £'000	<i>Group 2009 £'000</i>
Licence fees	<u>218</u>	<u>196</u>

4. Operating profit

Operating profit is stated after charging

	Group 2010 £'000	<i>Group 2009 £'000</i>
Amortisation	4	28
Depreciation of owned fixed assets	355	277
Profit on disposal of fixed assets	(6)	-
Auditors' remuneration – audit services	12	12
– non audit services	4	
Operating leases – land and buildings	102	103
– other assets	<u>-</u>	<u>57</u>

Non-audit services

Taxation services	<u>4</u>	<u>4</u>
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The audit fee for the company has been paid by Silver Cross (UK) Limited

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	Group 2010 No	<i>Group 2009 No</i>
Number of production staff	21	20
Number of distribution staff	12	16
Number of administrative staff	13	11
	<u>46</u>	<u>47</u>

The aggregate payroll costs of the above were

	Group 2010 £'000	<i>Group 2008 £'000</i>
Wages and salaries	1,689	1,592
Social security costs	160	169
	<u>1,849</u>	<u>1,761</u>

Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	Group 2010 £'000	<i>Group 2009 £'000</i>
Emoluments receivable	<u>228</u>	<u>225</u>

Emoluments of highest paid director:

	Group 2010 £'000	<i>Group 2009 £'000</i>
Total emoluments	<u>228</u>	<u>255</u>

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

6. Taxation on ordinary activities

(a) Analysis of charge in the year

Current tax	Group 2010 £'000	Group 2009 £'000
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2009 28%)	227	428
	<u>227</u>	<u>428</u>
Foreign tax		
Current year	31	37
Over provision in prior year	(3)	-
Total	<u>28</u>	<u>37</u>
	<u>255</u>	<u>465</u>
Deferred tax		
Origination and reversal of timing differences	-	2
Tax on profit on ordinary activities	<u>255</u>	<u>467</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%)

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	881	1,627
Profit on ordinary activities by rate of tax	247	456
Effects of		
Expenses not deductible for tax purposes	14	9
Depreciation in excess of capital allowances for the year	29	12
Marginal relief	(4)	(5)
Adjustment due to different tax rates	(20)	(24)
Research and development adjustment	(8)	(20)
Adjustments to the tax charge in respect of prior years	(3)	-
Total UK current tax (note 7(a))	<u>255</u>	<u>465</u>

(c) Factors that may affect future tax charge

There are no known factors affecting the future tax charge

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

7. Intangible fixed assets

Group	Intellectual Property £'000	Goodwill £'000	Total £'000
Cost			
At 1 January 2010 and 31 December 2010	500	70	570
Amortisation			
At 1 January 2010	500	18	518
Charge for the year	-	4	4
At 31 December 2010	500	22	522
Net book value			
At 31 December 2010	-	48	48
At 31 December 2009	-	52	52

8. Tangible fixed assets

Group	Leasehold property £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Office Equipment £'000	Total £'000
Cost						
At 1 January 2010	16	1,269	27	84	173	1,569
Additions	-	113	5	-	1	119
Disposals	-	(66)	-	(71)	-	(137)
At 31 December 2010	16	1,316	32	13	174	1,551
Depreciation						
At 1 January 2010	4	771	13	36	116	940
Charge for the year	3	279	18	19	36	355
Disposals	-	(66)	-	(47)	-	(113)
At 31 December 2010	7	984	31	8	152	1,182
Net book value						
At 31 December 2010	9	332	1	5	22	369
At 31 December 2009	12	498	14	48	57	629

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

9 Investments

Company

	Shares in group companies £'000
Cost	
Additions	7,059
At 31 December 2010	<u>7,059</u>

The company holds share capital in the following subsidiary undertakings

Name	Class of share	Proportion held	Country of incorporation	Nature of business
Silver Cross (UK) Limited	Ordinary	100%	England	Manufacture of prams and related nursery products
Silver Cross (Pacific) Limited	Ordinary	100%	Hong Kong	Manufacture of prams and related nursery products
Silver Cross (America) Limited*	Ordinary	100%	USA	Manufacture of prams and related nursery products
Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited)	Ordinary	100%	England	Intermediate holding company

The voting rights are held in the same proportion as the shares

* This subsidiary undertaking is held by Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited)

On 29 December 2009 the company acquired 100% of the share capital of Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) in exchange for 100% of issued share capital of the company

On 4 April 2010, the company acquired 100% of the share capital of Silver Cross (UK) Limited and Silver Cross (Pacific) Limited from Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) by way of a dividend in specie of £59,000

10. Stocks

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Finished goods and goods for resale	3,057	-	2,818	-
	<u>3,057</u>	<u>-</u>	<u>2,818</u>	<u>-</u>

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

11. Debtors

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Trade debtors	3,601	-	3,462	-
Corporation tax	9	-	10	-
Amounts due from group undertakings	-	750	-	970
Other debtors	256	-	8	-
Prepayments and accrued income	192	-	273	-
	<u>4,058</u>	<u>750</u>	<u>3,753</u>	<u>970</u>

12. Creditors: Amounts falling due within one year

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Trade creditors	2,329	-	2,861	-
Corporation tax	245	-	292	-
Amounts owed to group undertakings	-	741	-	-
Other taxation and social security	233	-	163	195
Directors loan account	1,968	-	558	-
Other creditors	-	-	139	-
Accruals and deferred income	457	-	597	-
	<u>5,232</u>	<u>741</u>	<u>4,610</u>	<u>195</u>

13. Deferred taxation

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
At 1 Jan 2010	-	(1,186)
Profit and loss account movement arising during the year	-	1,186
At 31 Dec 2010	-	-

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows

	2010 £	2009 £
Excess of taxation allowances over depreciation on fixed assets	<u>22,355</u>	<u>16,113</u>

The deferred tax asset remains unprovided on the grounds of immateriality

14. Derivatives

The group holds financial instruments that qualify as derivatives in order to manage its interest rates and currency risks arising from its operations

The group places forward contracts for the purchase of Euros and US dollars at fixed rates. At the year end the group had contracts to buy US Dollars, the fair value of which is £87,456 (2009 £64,750)

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

15. Commitments under operating leases

Group

At 31 December 2010 the group had annual commitments under non-cancellable operating leases as set out below

	2010 Other Assets £'000	2009 Other Assets £'000	2010 Land & Buildings £'000	2009 Land & Buildings £'000
Operating leases which expire				
Within 1 year	-	42	-	-
From 2-5 years	-	14	-	-
After more than 5 years	-	-	66	66
	<u>-</u>	<u>56</u>	<u>66</u>	<u>66</u>

16. Transactions with directors

At the balance sheet date the group owed Mr D A Halsall £1,968,000 (2009 £558,000) The movement relates to cash advances and withdrawals

17. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8

During the year, the company received dividend income from Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited), a company under common control, of £809,000 (2009 £nil) At the year end the company was owed £750,000 by Silver Cross (IP) Limited

Also during the year, the company received dividend income from Silver Cross (UK) Limited, a company under common control, of £260,000 (2009 £nil) At the year end, the company owed £741,000 (2009 £nil) to Silver Cross (UK) Limited

18. Share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
471 'A' Ordinary shares of £1 each	1	1
386 'B' Ordinary shares of £1 each	-	-
	<u>1</u>	<u>1</u>

On 29 December 2009, 550 'A' Ordinary shares and 450 'B' Ordinary shares of £1 each were issued in exchange for 100% of the share capital of Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited)

On 3 April 2010, 79 'A' Ordinary shares and 64 'B' Ordinary shares of £1 each were repurchased by the company for a total consideration of £1,001,000 These shares were subsequently cancelled on the same day This represents 14.3% of the total share capital

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

19 Reserves

Group	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2010	-	-	3,753
Profit for the financial year	-	-	626
Purchase of own shares	-	-	(1,001)
Transfer on purchase of own shares	-	-	-
Premium on issue of shares	-	6,999	-
Merger relief	-	(6,999)	-
Exchange differences	-	-	(1)
At 31 December 2010	-	-	3,377

The merger reserve has arisen as a result of a group reconstruction during the period (see note 23). A transfer of £143 has been done from the profit and loss account to the capital redemption reserve.

Group	2010 £'000	2009 £'000
The profit for the financial year is dealt with in the financial statements of		
Parent company	1,069	71
Subsidiaries	641	1,095
Consolidation adjustments	(1,084)	(6)
	<u>626</u>	<u>1,160</u>

Company	Capital redemption reserve £'000	Merger Reserve £'000	Profit and loss account £'000
At 1 January 2010	-	-	-
Profit for the financial year	-	-	1,069
Premium on issue of shares	-	6,999	-
Purchase of own shares	-	-	(1,001)
At 31 December 2010	-	6,999	68

The merger reserve has arisen as a result of a group reconstruction during the period (see note 23). A transfer of £143 has been done from the profit and loss account to the capital redemption reserve.

20. Reconciliation of movements in shareholders' funds

	Group 2010 £'000	Company 2010 £'000	Group 2009 £'000	Company 2009 £'000
Profit for the financial year	626	1,069	1,160	-
New share capital subscribed	6,999	7,000	-	-
Premium on purchase of own ordinary shares	(1,001)	(1,001)	-	-
Exchange differences	(1)	-	9	-
Other reserves	(6,999)	-	2,585	-
Opening shareholders' funds	3,754	-	-	-
Closing shareholders' funds	<u>3,378</u>	<u>7,068</u>	<u>3,754</u>	<u>-</u>

SILVER CROSS NURSERIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
PERIOD ENDED 31 DECEMBER 2010

21. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2010	2009
	£'000	£'000
Operating profit	881	1,616
Amortisation	4	28
Depreciation	355	277
Profit on disposal of fixed assets	(6)	-
Increase/(decrease) in stocks	(239)	522
(Increase)/decrease in debtors	(305)	(827)
Increase/(decrease) in creditors	669	(1,305)
Exchange differences	(2)	9
Net cash inflow from operating activities	<u>1,357</u>	<u>320</u>

Analysis of changes in net funds

	1 January	Cash flows	31 December
	2010	2010	2010
	£'000	£'000	£'000
Net cash			
Cash in hand and at bank	<u>1,112</u>	<u>(34)</u>	<u>1,078</u>

22 Ultimate controlling party

The company was under the control of its directors. In the opinion of the directors the ultimate controlling party is the controlling shareholder, Mr D A Halsall, a director of the company.

23. Business combination

Group

As described in note 9, on 29 December 2009, the company acquired its investment in Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited). In accordance with FRS 6, and the conditions of Section 7 of the Companies Act 2006, the acquisition of the share capital of Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) represents a group reconstruction as the relative rights of the ultimate shareholders are not altered. On this basis, the directors are of the opinion that merger accounting is appropriate for the group reconstruction.

The comparative figures for the period ended 31 December 2009 are therefore the consolidated results for the Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited) group of companies.