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Silver Cross Nurseries Limited

Report and Financial Statements

31 December 2011

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Silver Cross Nurseries Limited

Director

D A Halsall

Secretary

D A Halsall

Auditors

Ernst Young LLP

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Leeds LS11 5QR

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National Westminster Bank Plc

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Registered Office

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Broughton

Skipton

North Yorkshire BD23 3JA

Registered No 07112004

Director's report

The director present their report and financial statements for the year ended 31 December 2011

Results and dividends

The profit for the year after taxation amounted to £833,000 (2010 – profit of £626,000) The director does not recommend a final dividend (2010 – £nil)

Principal activity and review of the business

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 year saw exciting developments for Silver Cross, including breaking into the Central and South American markets for the first time Silver Cross continues to develop its Facebook presence, and this is proving more and more popular with consumers.

The Surf and an increasing range of accessories continues to spearhead group sales, complementing the lightweight Stroller range Group Turnover increased by 11.68% to £22.1m, whilst Operating Profit increased by 13.8% to £1.0m Nursery Furniture, which was on show for the first time at Olympia in October 2010 has had a successful first full year of trading

The Silver Cross website is continually improved and provides an invaluable opportunity for consumers to view the wide range of Silver Cross products on offer

Future developments include modifications and improvements to the Linear Freeway and Sleepover pram system

The group remains well placed to face the challenges ahead The balance sheet is robust with Shareholders funds of £4,211,000, 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

Going Concern

The group's activities, together with any factors likely to affect its future development and performance, are described in the review of the business above The company is in a net asset position, has good financial resources and is forecast to be profitable for the foreseeable future As a consequence, the directors believe that the group is well placed to manage its business risks successfully

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Director's report (continued)

Principal risks and uncertainties

Financial risk management objectives and policies

The group and the 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

The group and 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.

Director

The director who served the group and the company during the year was as follows

D A Halsall

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of the group and the company's auditor, the director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Political and practice on payment of creditors

During the year the group made the following contributions

Silver Cross (UK) Limited

	2011 £	2010 £
Charitable donations	13,679	56,100
Political donations and expenditure	1,500	100
The aggregate figure for political donations is made up as follows		
Conservative party	1,500	100

Director's report (continued)

Auditors

RSM Tenon Audit Limited resigned as auditors on 23rd December 2011 and Ernst & Young LLP was appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board



D A Halsall

Director

25 September 2012

Statement of director's responsibilities

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the director 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 director 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

Independent auditors' report

to the members of Silver Cross Nurseries Limited

We have audited the financial statements of Silver Cross Nurseries Limited for the year ended 31 December 2011 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Cash Flows and the related notes 1 to 22. 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 5, 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the 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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

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

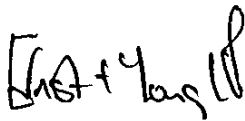
Independent auditors' report (continued)

to the members of Silver Cross Nurseries Limited

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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Alistair Denton (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

28 September 2012

Group profit and loss account

for the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Turnover	2	22,098	19,787
Cost of sales		(14,299)	(12,803)
Gross Profit		7,799	6,984
Distribution expenses		(3,238)	(2,679)
Administrative expenses		(3,772)	(3,642)
Other operating income	3	214	218
Operating Profit	4	1,003	881
Interest receivable and similar income		7	9
Interest payable and similar charges		(3)	(9)
Profit on ordinary activities before taxation		1,007	881
Tax	7	(174)	(255)
Profit for the financial year	17	833	626

All amounts relate to continuing activities

Group statement of total recognised gains and losses

for the year ended 31 December 2011

	2011 £000	2010 £000
Profit for the financial year attributable to the shareholders of the parent undertaking	833	626
Currency translation differences on foreign currency net investments	-	(1)
Total recognised profit relating to the year	833	625

Group balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Intangible assets	8	44	48
Tangible assets	9	362	369
		<u>406</u>	<u>417</u>
Current assets			
Stocks	11	3,533	3,057
Debtors	12	5,217	4,058
Cash at bank and in hand		1,297	1,078
		<u>10,047</u>	<u>8,193</u>
Creditors: amounts falling due within one year	13	<u>(6,242)</u>	<u>(5,232)</u>
Net current Assets		3,805	2,961
Net Assets		<u>4,211</u>	<u>3,378</u>
Capital and reserves			
Called up share capital	15	1	1
Profit and loss account	16	4,210	3,377
Shareholders' funds	17	<u>4,211</u>	<u>3,378</u>

Approved by the board on 25th September 2012 and signed on its behalf by



Director

DA Halsau

Company balance sheet

at 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investments	10	<u>7,059</u>	<u>7,059</u>
		7,059	7,059
Current assets			
Debtors	12	750	750
Creditors' amounts falling due within one year	13	<u>(741)</u>	<u>(741)</u>
Net current assets		9	9
Total assets less current liabilities		<u>7,068</u>	<u>7,068</u>
Capital and reserves			
Called up share capital	15	1	1
Merger reserve	16	6,999	6,999
Profit and loss account	16	68	68
Shareholders' funds	17	<u>7,068</u>	<u>7,068</u>

Approved by the board on 25th September 2012 and signed on its behalf by



Director

DA Halsall

Group statement of cash flows

for the year ended 31 December 2011

	Notes	2011 £	2010 £
Net cash inflow from operating activities	18	573	1,357
Returns on investments and servicing of finance			
Interest received		7	9
Interest paid		(3)	(9)
Net cash inflow from returns on investments and servicing of finance		4	—
Taxation		(87)	(302)
Capital expenditure			
Payments to acquire tangible fixed assets		(271)	(119)
Receipts from sale of fixed assets		-	31
Net cash outflow from capital expenditure		(271)	(88)
Financing			
Purchase of own equity shares		-	(1)
Premium on purchase of own equity share		-	(1,000)
Net cash outflow from financing		-	(1,001)
Increase/(Decrease) in cash	18	219	(34)

Notes to the financial statements

at 31 December 2011

1. Accounting policies

Basis of preparation

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

Group financial statements

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

Going concern

The financial statements have been prepared on a going concern basis as the ultimate controlling party Alan Halsall, has confirmed that he will continue to support the company for the foreseeable future

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

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 (per annum)
Plant and Machinery	–	33% straight line (per annum)
Motor Vehicles	–	25% straight line (per annum)
Fixtures and Fittings	–	25% straight line (per annum)
Office Equipment	–	33% straight line (per annum)

Notes to the financial statements

at 31 December 2011

1. Accounting policies (continued)

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.

Deferred taxation

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

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

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

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.

Operating leases

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.

Capital 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.

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:

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
UK	18,221	16,933
Asia	3,877	2,854
	<u>22,098</u>	<u>19,787</u>

Notes to the financial statements

at 31 December 2011

3. Other operating Income

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Licence fees	214	218

4. Operating Profit

This is stated after charging/(crediting)

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Auditors' remuneration — audit services	15	12
— non audit services	4	4
Depreciation of owned fixed assets	278	355
Profit on disposal of fixed assets	-	(6)
Amortisation	4	4
Operating lease rentals — land and buildings	165	102
Non-audit services		
Taxation services	4	4

5. Director's remuneration

The director's aggregate emoluments in respect of qualifying services were

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Remuneration receivable	682	603
Remuneration of highest paid director		
<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Total remuneration	211	228

Notes to the financial statements

at 31 December 2011

6. Staff costs

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Wages and salaries	1,986	1,689
Social security costs	171	160
	<u>2,157</u>	<u>1,849</u>

The average monthly number of employees during the year was made up as follows

<i>Group</i>	<i>No</i>	<i>No</i>
Production	13	21
Distribution	20	12
Administrative	19	13
	<u>52</u>	<u>46</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Current tax:		
UK corporation tax on the profit for the year	331	227
Adjustments in respect of previous period	(13)	-
	<u>318</u>	<u>227</u>
Foreign tax		
Current year	12	31
Adjustment in respect of previous period	8	(3)
	<u>20</u>	<u>28</u>
Total current tax (note 7(b))	338	255
Deferred tax:		
Origination and reversal of timing differences	(164)	-
Tax on profit on ordinary activities	<u>174</u>	<u>255</u>

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below

<i>Group</i>	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Profit on ordinary activities before tax	<u>1,007</u>	<u>881</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010 – 28%)	267	247
<i>Effects of</i>		
Expenses not deductible for tax purposes	9	14
Difference between capital allowance for period and depreciation	9	29
Marginal relief	(3)	(4)
Adjustment due to different tax rates	(5)	(20)
Research and development adjustment	-	(8)
Adjustments to the tax charge in respect of prior year	(5)	(3)
Excess foreign tax on overseas income	3	-
Other timing differences	62	-
Tax credit	1	-
Current tax for the year (note 7(a))	<u>338</u>	<u>255</u>

(c) Deferred tax

The movement in the deferred taxation provision during the year was

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
At 1 January 2011	-	-
Profit and loss account movement arising during the year	164	-
31 December 2011 (Note 12)	<u>164</u>	<u>-</u>

Deferred taxation at 25% (2010 – 27%) comprises

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Decelerated capital allowances	47	-
Other timing differences	111	-
Others	6	-
	<u>164</u>	<u>-</u>

There is no un-provided deferred taxation at the period end (2010 - £25,000). The deferred tax asset has been recognised in these financial statements as future taxable profits are expected to be in excess of those arising from the reversal of deferred tax assets.

Notes to the financial statements

at 31 December 2011

7. Tax (continued)

(d) Factors that may affect future tax charge

On 23 March 2011 the UK government announced proposals to reduce the main rate of corporation tax from 28% to 23% over four years with effect from 1 April 2011. As of 31 December 2011, only the reduction to 25% has been substantively enacted

Further, it was announced in the 2012 Budget that the main rate of corporation tax effective from 1 April 2012 will be 24%. It is also currently expected that further reductions of 1% per annum will result in a decrease in the main rate of corporation tax to 22% from 1 April 2014. None of these changes had been effected at the balance sheet date

8. Intangible fixed assets

<i>Group</i>	<i>Intellectual Property £000</i>	<i>Goodwill £000</i>	<i>Total £000</i>
Cost			
At 1 January 2011 and 31 December 2011	500	70	570
Amortisation			
At 1 January 2011	500	22	522
Charge for the year	-	4	4
At 31 December 2011	500	26	526
Net book value			
At 31 December 2011	-	44	44
At 31 December 2010	-	48	48

Notes to the financial statements

at 31 December 2011

9. Tangible fixed assets

	<i>Leasehold property £000</i>	<i>Plant and Machinery £000</i>	<i>Fixtures and Fittings £000</i>	<i>Motor Vehicles £000</i>	<i>Office Equipment £000</i>	<i>Total £000</i>
Cost						
At 1 January 2011	47	1,285	27	13	179	1,551
Additions	46	180	-	-	45	271
Disposals	(30)	-	-	-	-	(30)
At 31 December 2011	63	1,465	27	13	224	1,792
Depreciation						
At 1 January 2011	34	967	20	8	153	1,182
Charge for the year	19	223	6	3	27	278
Disposals	(30)	-	-	-	-	(30)
At 31 December 2011	23	1,190	26	11	180	1,430
Net book value						
At 31 December 2011	40	275	1	2	44	362
At 31 December 2010	13	318	7	5	26	369

The brought forward cost and depreciation figures at 1 January 2011 have been restated to correct the allocation between categories. This restatement affects the disclosure only and does not affect the total cost of depreciation brought forward.

Notes to the financial statements

at 31 December 2011

10. Investments

*Subsidiary in
group
companies
£000*

Cost

At 31 December 2010 and 31 December 2011

7,059

The company holds share capital in the following subsidiary undertakings

<i>Name</i>	<i>Class of share</i>	<i>Proportion held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
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)

11. Stocks

	<i>Group 2011 £000</i>	<i>Company 2011 £000</i>	<i>Group 2010 £000</i>	<i>Company 2010 £000</i>
Finished goods and goods for resale	3,533	-	3,057	-
	<u>3,533</u>	<u>-</u>	<u>3,057</u>	<u>-</u>

Notes to the financial statements

at 31 December 2011

12. Debtors

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	4,736	-	3,601	-
Corporation tax	-	-	9	-
Amounts due from group undertakings	-	750	-	750
Other debtors	1	-	256	-
Deferred tax asset (Note 7)	164	-	-	-
Prepayments and accrued income	316	-	192	-
	<u>5,217</u>	<u>750</u>	<u>4,058</u>	<u>750</u>

13. Creditors: amounts falling due within one year

	<i>Group</i>	<i>Company</i>	<i>Group</i>	<i>Company</i>
	<i>2011</i>	<i>2011</i>	<i>2010</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade creditors	3,953	-	2,329	-
Corporation tax	487	-	245	-
Amounts due to group undertakings	-	741	-	741
Other tax and social security costs	185	-	233	-
Directors loan account	743	-	1,968	-
Other creditors	-	-	-	-
Accruals and deferred income	874	-	457	-
	<u>6,242</u>	<u>741</u>	<u>5,232</u>	<u>741</u>

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 £(40,889), (2010, – £87,456)

Notes to the financial statements

at 31 December 2011

15. Issued share capital

	No	2011 £	No	2010 £
<i>Allotted, called up and fully paid</i>				
'A' ordinary shares of £1 each	471	1	471	1
'B' ordinary shares of £1 each	386	—	386	—
		<u>1</u>		<u>1</u>

Dividends may be paid on the A shares only with the consent of the majority of B shareholders. Similarly dividends may be paid on the B shares, only with consent of the majority of the A shareholders. In all other respects A and B shares rank *pari passu*.

16. Movements on reserves

<i>Group</i>	<i>Profit and loss account £000</i>
At 1 January 2011	3,377
Profit for the financial year	833
At 31 December 2011	<u>4,210</u>

<i>Group</i>	<i>2011 £000</i>	<i>2010 £000</i>
<i>The Profit for the financial year is dealt with in the financial statements of</i>		
Parent undertaking	-	1,069
Subsidiaries	833	641
Consolidation adjustment	-	(1,084)
	<u>830</u>	<u>626</u>

Notes to the financial statements

at 31 December 2011

16. Movements on reserves (continued)

<i>Company</i>	<i>Merger reserve £000</i>	<i>Profit and loss account £000</i>
At 1 January 2011	6,999	68
Profit for the financial year	-	-
At 31 December 2011	<u>6,999</u>	<u>68</u>

17. Reconciliation of shareholders' funds

	<i>Group 2011 £000</i>	<i>Company 2011 £000</i>	<i>Group 2010 £000</i>	<i>Company 2010 £000</i>
Profit for the financial year	833	-	626	1,069
New share capital subscribed	-	-	6,999	7,000
Premium on purchase of own ordinary shares	-	-	(1,001)	(1,001)
Exchange differences	-	-	(1)	-
Other reserves	-	-	(6,999)	-
Opening shareholders' funds	3,378	7,068	3,754	-
Closing shareholders' funds	<u>4,211</u>	<u>7,068</u>	<u>3,378</u>	<u>7,068</u>

18. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<i>2011 £000</i>	<i>2010 £000</i>
Operating Profit	1,003	881
Amortisation	4	4
Depreciation	278	355
Profit on disposal of fixed assets	-	(6)
(Increase)/Decrease in stock	(476)	(239)
(Increase)/Decrease in debtors	(1,004)	(305)
Increase/(Decrease) in creditors	768	669
Exchange differences	-	(2)
Net cash Inflow from operating activities	<u>573</u>	<u>1,357</u>

Notes to the financial statements

at 31 December 2011

18. Notes to the statement of cash flows (continued)

(b) Analysis of net cash

	<i>At 1 January 2011 £000</i>	<i>Cash flow £000</i>	<i>At 31 December 2010 £000</i>
Net cash			
Cash at bank and in hand	1,297	219	1,078

19. Other financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below

<i>Group</i>	<i>2011 Land and buildings £</i>	<i>2010 Land and buildings £</i>
Operating leases which expire		
Within one year	—	—
In two to five years	96	96
Over five years	66	66
	<u>162</u>	<u>162</u>

20. Transactions with directors

At the balance sheet date the group owed Mr D A Halsall £743,000 (2010 – £1,968,000) The movement relates to cash advances and withdrawals

21. Related party transaction

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

During the year, the group and the company received no dividend income from Silver Cross (IP) Limited (formerly Silver Cross Nursery Limited), a company under common control, (2010 – £809,000) At the year end the group and the company was owed £750,000 by Silver Cross (IP) Limited

Also during the year, the group and the company received no dividend income from Silver Cross (UK) Limited, a group and the company under common control (2010 – £260,000) At the year end, the group and the company owed £741,000 (2010 – £741,000) to Silver Cross (UK) Limited

22. Ultimate parent undertaking and 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