

Company registration number 04611579 (England and Wales)

**SILVER CROSS (UK) LIMITED**  
**AMENDED ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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# SILVER CROSS (UK) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr C A Walsh Mr N J Paxton Mr X Zhang Mr W Zhang Ms S Xiaoting Mr P J Taylor Ms Q Jiabei
<b>Secretary</b>	Mr C A Walsh
<b>Company number</b>	04611579
<b>Registered office</b>	Micklethorn Broughton Skipton BD23 3JA
<b>Auditor</b>	Azets Audit Services Limited 33 Park Place Leeds LS1 2RY

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# SILVER CROSS (UK) LIMITED

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# SILVER CROSS (UK) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report for the year ended 31 December 2021.

#### **Fair review of the business**

The core strategy of the business is to provide consumers with innovative, award-winning nursery products, including prams, home furniture, textiles and car safety products. This is achieved by focussed investment in research and development, supported by award winning customer service and a strategic approach to brand and marketing activities.

As reported in the Company's Statement of Comprehensive Income, revenue increase by 7.9% to £26.1m (2020 - £24.2m) in the year, with an improvement in gross profit margin to 42.9% (2020 - 41.3%) and an operating profit of £1.8m (2020 - £0.3m). This represents a solid financial result against a backdrop of Covid-related disruptions and major challenges throughout the supply chain.

Trading conditions during the year were again difficult, the first quarter was characterised in particular by the third national lockdown. Whilst the retail and consumer environment began to stabilise in the Spring, the global shipping crisis then ensued, creating supply disruptions and bringing substantial cost increases both for our UK and International business. Unfortunately, this meant delays to new product launches and sporadic outages of key product lines which inevitably resulted in missed sales opportunities. However, the sales, marketing and operational teams worked cohesively and proactively to mitigate the impact to the business, optimising stock availability whilst coordinating promotional activity and controlling margins.

Even with the challenging conditions, the business has delivered stability in working capital and a healthy financial position. At the year end, cash balances were £2.3m (2020 - £2.2m). Additionally, further liquidity is available through the committed trade finance facilities that are provided by the Company's banking partners.

During the year, significant investment was made in development of exciting new product ranges, in-store display assets and the ecommerce platform. Record capital expenditure of £1.5m demonstrates the confidence that the Board have over the future growth opportunities.

#### **Principal risks and uncertainties**

The Company finances its operations through retained profits, with no long-term bank borrowings. Management's objectives are to retain sufficient liquidity to enable the Company to meet all its day-to-day obligations, along with investing in new markets and regions to allow for future growth. In addition to retained profits, to enhance liquidity the Company's strategy is to maintain sufficient available working capital facilities with its banking partners.

Where the Company has surplus funds, these are mainly held in GBP and USD bank accounts. Forward contracts are used to mitigate the Profit and Loss impact of fluctuations in currency exchange rates.

Supply chain uncertainties remain a risk in 2022 and beyond. The Company mitigates this risk by maintaining diversity of supply across a range of high-quality manufacturers in both Europe and the Far East. Whilst the impacts of the Covid 19 pandemic have now dramatically subsided in most of the Company's key sales regions, there remains a risk of disruption to supply due to lockdowns in China. Management seek to address this risk through detailed forecasts of inventory requirements and contingency planning.

# SILVER CROSS (UK) LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Key performance indicators

#### Financial key performance indicators

Management use a range of performance measures to monitor and manage the business. These measures include, but are not limited to, profit ratios, returns on investment, liquid ratios, debtor days and stock turnover. These KPI's are reported on frequently to management for each aspect of the business. For the year ended 31 December 2021, management consider the financial KPI performance of the business to be satisfactory.

#### Other key performance indicators

Objectives of the business also include non-financial measures. Market share, product returns, customer service feedback and employee productivity are all monitored, reported on and acted upon, to ensure the business is not only achieving its goals from a financial perspective but also other areas that contribute to the future success of the Company. For the year ended 31 December 2021, management consider the financial KPI performance of the business to be satisfactory.

### Going concern statement

To assess the appropriateness of the preparation of the accounts on a going concern basis, a range of financial forecasts have been prepared to model hypothetical scenarios reflecting material deterioration in demand, or ability to meet demand, amongst other factors. The latest cash, bank facilities and working capital position are also factored into the assessment. Based on this assessment, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for the foreseeable future.

### Future developments

The directors believe that the forthcoming financial year will remain challenging, whilst the impact of Covid 19 restrictions abates, economic conditions remain uncertain and the global shipping disruptions are also a significant concern. However, the Directors consider that the Company is well-placed in terms of its strategic and market position to maximise its ability to grow sales and increase profitability, underpinned by an exciting pipeline of market-leading product developments.

On behalf of the board

*Carl Walsh*

.....  
Mr C A Walsh  
Director

Date: 20/09/2022

# SILVER CROSS (UK) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company continued to be that of the provision of innovative nursery products, including prams, home furniture, clothing and car safety products.

#### Results and dividends

The results for the year are set out on page 9.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr C A Walsh  
Mr N J Paxton  
Mr X Zhang  
Mr W Zhang  
Ms S Xiaoting  
Mr P J Taylor  
Ms Q Jiabei

#### Auditor

Azets Audit Services Limited were appointed auditor to the company following their acquisition of the trade of Garbutt & Elliott Audit Limited on 1 December 2021. In accordance with s487(2) of the Companies Act 2006 they are deemed reappointed annually.

#### Energy and carbon report

The Company has taken the exemption available to subsidiary companies not to disclose information in respect of greenhouse gas emissions, energy consumption and energy efficiency action given this is disclosed in the consolidated financial statements of the ultimate parent company.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

*Carl Walsh*

.....  
Mr C A Walsh  
Director

Date: 20/09/2022

# **SILVER CROSS (UK) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the annual 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SILVER CROSS (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF SILVER CROSS (UK) LIMITED

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#### Opinion

We have audited the financial statements of Silver Cross (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter - revision of basis of preparation

We draw attention to note 1 to these financial statements which describes the need for revision of the basis of preparation due to an incorrect version of the accounts being submitted to Companies House. The version submitted included an impairment charge in relation to group balances of £494,439 which was recorded in error. The original financial statements were approved on the 2nd September 2022 and our previous audit report was signed on the 6th September 2022. We have not performed a subsequent events review for the period from the date of our previous auditor's report to the date of this report. Our opinion is not modified in this respect.

#### Conclusions relating to going concern

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.

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 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.

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



# **SILVER CROSS (UK) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)** **TO THE MEMBERS OF SILVER CROSS (UK) LIMITED**

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### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report. We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# SILVER CROSS (UK) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SILVER CROSS (UK) LIMITED

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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.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management, and from inspection of the company's regulatory and legal correspondence. We discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance during the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, pensions legislation, taxation legislation and further laws and regulations that could indirectly affect the financial statements, comprising environmental and employment legislation and health and safety and, in the current climate, Covid regulations. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These procedures did not identify any potentially material actual or suspected non-compliance.

To identify risks of material misstatement due to fraud we considered the opportunities, incentives and pressures that may exist within the company to commit fraud. Our risk assessment procedures included: enquiry of directors to understand the high-level policies and procedures in place to prevent and detect fraud, reading Board minutes and considering performance targets and incentive schemes in place for management. We communicated identified fraud risks throughout our team and remained alert to any indications of fraud during the audit.

As a result of these procedures, we identified the greatest potential for fraud in the following areas:

- revenue recognition and in particular the risk that revenue is recorded in the wrong period; and
- subjective accounting estimates

As required by auditing standards we also identified and addressed the risk of management override of controls.

We performed the following procedures to address the risks of fraud identified:

- testing the timing and recognition of revenue and, in particular, that it was appropriately recognised through sales cut off testing and testing of post year end credit notes.
- identifying and testing high risk journal entries through vouching the entries to supporting documentation.
- assessing significant accounting estimates for bias.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

# **SILVER CROSS (UK) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF SILVER CROSS (UK) LIMITED**

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### **Use of our report**

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.

*Azets Audit Services Limited*

**Chris Butt (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services Limited**

Date: **21/09/2022**

**Chartered Accountants**  
**Statutory Auditor**

33 Park Place  
Leeds  
LS1 2RY

# SILVER CROSS (UK) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
Turnover	3	26,100	24,169
Cost of sales		(14,899)	(14,182)
<b>Gross profit</b>		<b>11,201</b>	<b>9,987</b>
Administrative expenses		(9,783)	(10,218)
Other operating income		365	519
<b>Operating profit</b>	4	<b>1,783</b>	<b>288</b>
Interest income receivable and other income	8	143	137
<b>Profit before taxation</b>		<b>1,926</b>	<b>425</b>
Tax on profit	9	(278)	(68)
<b>Profit for the financial year</b>		<b>1,648</b>	<b>357</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SILVER CROSS (UK) LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	10	322	13
Tangible assets	11	1,278	350
		<u>1,600</u>	<u>363</u>
<b>Current assets</b>			
Stocks	13	5,114	6,542
Debtors	14	18,598	15,543
Cash at bank and in hand		2,333	2,243
		<u>26,045</u>	<u>24,328</u>
<b>Creditors: amounts falling due within one year</b>	15	(13,342)	(11,996)
<b>Net current assets</b>		<u>12,703</u>	<u>12,332</u>
<b>Total assets less current liabilities</b>		<u>14,303</u>	<u>12,695</u>
<b>Provisions for liabilities</b>			
Provisions	16	378	418
		<u>(378)</u>	<u>(418)</u>
<b>Net assets</b>		<u><u>13,925</u></u>	<u><u>12,277</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	1	1
Other reserves		26	26
Profit and loss reserves		13,898	12,250
<b>Total equity</b>		<u><u>13,925</u></u>	<u><u>12,277</u></u>

The financial statements were approved by the board of directors and authorised for issue on 20/09/2022 and are signed on its behalf by:

*Carl Walsh*

Mr C A Walsh  
Director

Company Registration No. 04611579

# SILVER CROSS (UK) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Other reserves	Profit and loss reserves	Total
	£000	£000	£000	£000
Balance at 1 January 2020	1	26	11,893	11,920
Year ended 31 December 2020:				
Profit and total comprehensive income for the year	-	-	357	357
Balance at 31 December 2020	1	26	12,250	12,277
Year ended 31 December 2021:				
Profit and total comprehensive income for the year	-	-	1,648	1,648
Balance at 31 December 2021	1	26	13,898	13,925

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Silver Cross (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Micklethorn, Broughton, Skipton, BD23 3JA.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

These revised financial statements replace the original accounts for the year to 31 December 2021. The revised accounts are now the statutory accounts for the year to 31 December 2021. The revised accounts have been prepared as at the date of the original accounts and not as at the date of the revision and accordingly do not deal with events between those dates.

The original accounts included an impairment charge of £494,439 in relation to group balances which was recorded in error. There were no other amendments made as a result of correcting the defects.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: The disclosure requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b), and 12.29A;
- Section 26 'Share based Payment': Share based payment arrangements required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Fosun International Limited as at 31 December 2021. These consolidated financial statements are available from [www.fosun.com](http://www.fosun.com).

#### 1.2 Going concern

The directors have considered all factors, including in the wider economy, as part of their assessment of going concern. They believe on balance that they have sufficient resources to enable trading to continue for a period of at least one year from the date of approval of the financial statements, on the basis of information currently available to them as at the point of approving these. Accordingly, these financial statements have been prepared on the going concern basis.

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	33% straight line
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#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	11 - 33% straight line
Plant and machinery	33% straight line
Fixtures and fittings	25 - 33% straight line
Office equipment	25 - 33% straight line



# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Accounting policies

(Continued)

##### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

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

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Stock provisions**

At each reporting date an assessment is made for provisions required to recognise a fair valuation of damaged, slow moving or obsolete stock. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit or loss and provided for in the balance sheet. Reversals of impairment losses are also recognised in profit or loss when they arise.

##### **Bad and doubtful debts provisions**

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and therefore are able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

##### **Warranty provision**

The Company holds a warranty provision to recognise anticipated future costs related to product returns. The provision is calculated based on past performance and experience. There is uncertainty surrounding the anticipated timing and ultimate cost of the returns.

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

	2021 £000	2020 £000
<b>Turnover analysed by class of business</b>		
Product sales	26,100	24,169
	<u>26,100</u>	<u>24,169</u>
	2021 £000	2020 £000
<b>Turnover analysed by geographical market</b>		
United Kingdom	26,100	24,169
	<u>26,100</u>	<u>24,169</u>
	2021 £000	2020 £000
<b>Other revenue</b>		
Royalty income	365	347
Grants received	-	172
	<u>365</u>	<u>519</u>

### 4 Operating profit

	2021 £000	2020 £000
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(896)	127
Research and development costs	41	46
Government grants	-	(172)
Fees payable to the company's auditor for the audit of the company's financial statements	36	31
Depreciation of owned tangible fixed assets	257	439
Amortisation of intangible assets	13	32
Impairment of stocks recognised or reversed	-	18
Operating lease charges	215	204
	<u>215</u>	<u>204</u>

### 5 Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	36	31
	<u>36</u>	<u>31</u>

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Employees

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

	2021 Number	2020 Number
Total	72	65

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	3,564	2,919
Social security costs	351	311
Pension costs	53	50
	3,968	3,280

### 7 Directors' remuneration

	2021 £000	2020 £000
Remuneration for qualifying services	873	730
Company pension contributions to defined contribution schemes	7	5
	880	735

The highest paid director received remuneration of £447,737 (2019: £329,819).

### 8 Interest income receivable and other income

	2021 £000	2020 £000
Interest on bank overdrafts and loans	-	(1)
Gain on hedging instrument in a fair value hedge	(143)	(136)
	(143)	(137)

### 9 Taxation

	2021 £000	2020 £000
<b>Current tax</b>		
UK corporation tax on profits for the current period	304	141
Adjustments in respect of prior periods	(34)	-
Total current tax	270	141

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 9 Taxation

(Continued)

	2021 £000	2020 £000
<b>Deferred tax</b>		
Origination and reversal of timing differences	8	(73)
	<u>8</u>	<u>(73)</u>
<b>Total tax charge</b>	<u>278</u>	<u>68</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021 £000	2020 £000
Profit before taxation	1,926	425
	<u>1,926</u>	<u>425</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	366	81
Tax effect of expenses that are not deductible in determining taxable profit	19	-
Adjustments in respect of prior years	(26)	4
Effect of change in corporation tax rate	-	(17)
Group relief	(29)	-
Research and development tax credit	18	-
Other permanent differences	(70)	-
	<u>278</u>	<u>68</u>

The UK corporation tax rate was 19% throughout the year.

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was enacted in March 2017. A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantially enacted on 17 March 2020. The rate applicable from 1 April 2020 remains at 19%, rather than the previously enacted reduction to 17%.

The UK budget on 3 March 2021 announced the intention to increase the tax rate from the current rate of 19% to 25%, with effect from April 2023. As this occurred after the year end, all deferred tax balances at the reporting date are measured at 19% (2019: 17%).



# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Intangible fixed assets

	Software £000
<b>Cost</b>	
At 1 January 2021	181
Additions - internally developed	322
At 31 December 2021	503
<b>Amortisation and impairment</b>	
At 1 January 2021	168
Amortisation charged for the year	13
At 31 December 2021	181
<b>Carrying amount</b>	
At 31 December 2021	322
At 31 December 2020	13

### 11 Tangible fixed assets

	Leasehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Office equipment £000	Total £000
<b>Cost</b>					
At 1 January 2021	55	3,984	61	232	4,332
Additions	5	1,019	149	12	1,185
At 31 December 2021	60	5,003	210	244	5,517
<b>Depreciation and impairment</b>					
At 1 January 2021	51	3,661	54	216	3,982
Depreciation charged in the year	5	225	16	11	257
At 31 December 2021	56	3,886	70	227	4,239
<b>Carrying amount</b>					
At 31 December 2021	4	1,117	140	17	1,278
At 31 December 2020	4	323	7	16	350

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

<b>12</b>	<b>Financial instruments</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	<b>Carrying amount of financial assets</b>		
	Instruments measured at fair value through profit or loss	50	-
		<u>          </u>	<u>          </u>
	<b>Carrying amount of financial liabilities</b>		
	Measured at fair value through profit or loss		
	- Other financial liabilities	-	93
		<u>          </u>	<u>          </u>
<b>13</b>	<b>Stocks</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Finished goods and goods for resale	5,114	6,542
		<u>          </u>	<u>          </u>
<b>14</b>	<b>Debtors</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	<b>Amounts falling due within one year:</b>		
	Trade debtors	3,227	3,328
	Corporation tax recoverable	178	698
	Amounts owed by group undertakings	14,723	10,866
	Derivative financial instruments	50	-
	Other debtors	125	204
	Prepayments and accrued income	105	164
		<u>          </u>	<u>          </u>
		18,408	15,260
	Deferred tax asset (note 17)	190	198
		<u>          </u>	<u>          </u>
		18,598	15,458
		<u>          </u>	<u>          </u>
	<b>Amounts falling due after more than one year:</b>	<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
	Other debtors	-	85
		<u>          </u>	<u>          </u>
	<b>Total debtors</b>	<b>18,598</b>	<b>15,543</b>
		<u>          </u>	<u>          </u>

The amounts owed by group undertakings are interest free and repayable on demand

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 15 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	871	2,629
Amounts owed to group undertakings	9,793	6,035
Corporation tax	-	141
Other taxation and social security	13	376
Derivative financial instruments	-	93
Other creditors	2,093	2,039
Accruals and deferred income	572	683
	<u>13,342</u>	<u>11,996</u>

The amounts owed to group undertakings are interest free and repayable on demand

### 16 Provisions for liabilities

	2021 £000	2020 £000
Warranty provision	<u>378</u>	<u>418</u>
Movements on provisions:		<b>Warranty provision £000</b>
At 1 January 2021		418
Additional provisions in the year		774
Utilisation of provision		(814)
At 31 December 2021		<u>378</u>

The company offers 3 year warranty on the majority of products and therefore holds the above warranty provision. Management estimates the warranty provision based on historical warranty claim information, as well as recent trends.

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2021 £000	Assets 2020 £000
Balances:		
Accelerated capital allowances	<u>190</u>	<u>198</u>

# SILVER CROSS (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Deferred taxation (Continued)

Movements in the year:	2021 £000
Asset at 1 January 2021	(198)
Effect of change in tax rate - profit or loss	8
Asset at 31 December 2021	<u>(190)</u>

### 18 Retirement benefit schemes

Defined contribution schemes	2021 £000	2020 £000
Charge to profit or loss in respect of defined contribution schemes	<u>53</u>	<u>50</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

	2021 Number	2020 Number	2021 £000	2020 £000
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>

### 20 Financial commitments, guarantees and contingent liabilities

At the balance sheet date the company was committed to purchase \$5.30m (2020 - \$3.60m) in exchange for £3.87m (2020 - £2.73m).

### 21 Operating lease commitments

#### Lessee

	2021 £000	2020 £000
Within one year	93	160
Between two and five years	-	93
	<u>93</u>	<u>253</u>

# **SILVER CROSS (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **22 Ultimate controlling party**

The Company's immediate parent is Silver Cross Nurseries Limited, which itself is an indirect subsidiary of Fosun International Limited, a company registered in Hong Kong. The principal place of business of Fosun International Limited is, Tower S1, Bund Finance Center, 600 Zhongshan No. 2 Road (E), Shanghai, China.

The ultimate parent and controlling company is Fosun International Limited, a company incorporated in Hong Kong. Fosun International Limited prepares group financial statements, which include the results of the Company. Copies of the group's financial statements for Fosun International Limited can be obtained from [www.fosun.com](http://www.fosun.com).