

Companies House copy

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**SOAP & GLORY LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**



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**SOAP & GLORY LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

M D Kilgore  
T P M Boue  
J H J De Raaij  
B P Fletcher  
A C J Franks  
G S Zauder

**COMPANY SECRETARY**

T P M Boue

**REGISTERED NUMBER**

06436322

**REGISTERED OFFICE**

Eighth Floor  
6 New Street Square  
London  
EC4A 3AQ

**INDEPENDENT AUDITOR**

Rawlinson & Hunter  
Chartered Accountants & Statutory Auditor  
Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

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**SOAP & GLORY LIMITED**

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## **SOAP & GLORY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and the financial statements of Soap & Glory Limited ("the company") for the year ended 31 December 2012

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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 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 judgments 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.

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

#### **PRINCIPAL ACTIVITIES**

The principal activities of the company are the generation of license fee income from the exploitation of intellectual property rights, as well as the direct sale of Soap & Glory branded products.

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The directors are pleased with the fast growing sales of Soap & Glory branded products to consumers in both the UK and overseas.

During the year, the company incorporated a trading subsidiary undertaking, Soap & Glory GmbH, registered in Germany.

The company expects to focus resources on driving growth through the recently established wholesale sales channels whilst maintaining profitable royalty streams.

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## SOAP & GLORY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £345,779 (2011 - £368,987)

The directors did not recommend the payment of a dividend (2011 - £Nil)

#### DIRECTORS

The directors who served during the year were

M D Kilgore  
T P M Boue  
J H J De Raaij  
B P Fletcher  
A C J Franks  
G S Zauder

#### CHARITABLE CONTRIBUTIONS

The company made charitable donations of £3,343 (2011 - £2,406) during the year to the following charities

	£
Eaves Housing for Women Limited	2,074
Various other community and healthcare charities	1,269
Total	<u>£ 3,343</u>

#### PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. Due to the nature of the company's business and the assets and liabilities contained within the balance sheet, the only financial risks the directors consider relevant to this company are working capital management risk and foreign exchange risk.

##### Working capital management risk

Working capital management is critical to the success of the business as this has a major impact on cash flow. The principal risks to working capital are stock risk and credit risk.

##### Stock risk

The company's exposure to stock risk is in respect of obsolescence, over-stocking and over-valuation. The directors consider that the company has robust procedures in place, which are regularly reviewed, to mitigate stock risk. Stock levels are monitored against historic sales performance and sales forecasts to identify any stock items that are potentially obsolete, over-stocked or over-valued, with steps taken to mitigate the effect on the company. Where necessary, provision is made to cover excess or over-valued stock. During the period under review, the directors have found that the level of stock provision required has been low due to the demand for the Soap & Glory product.

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**SOAP & GLORY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

*Credit risk*

The company's exposure to credit risk arises in respect of the amounts recoverable from trade debtors and accrued income. During the period under review, the directors have found that the level of bad or doubtful debts has been extremely low due to the low number of customers, the demand for the Soap & Glory product encouraging customers to pay to keep supply flowing and because of credit control processes put in place by the company. The company continues to review credit control processes with a view to mitigating the likelihood of bad debts arising.

**Foreign exchange risk**

More than 50% of the company's sales and the majority of the company's costs are denominated in Pounds Sterling. As the company continues to expand internationally, foreign exchange risks will become more prevalent. The directors will continue to monitor this area and will implement mitigating strategies when deemed necessary.

**PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

**AUDITOR**

Under section 487(2) of the Companies Act 2006, Rawlinson & Hunter will be deemed to have been reappointed as auditor 28 days after these financial statements are sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf



J H J De Raaij  
Director

Date

8/7/2013

08 JUL 2013

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## **SOAP & GLORY LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOAP & GLORY LIMITED**

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We have audited the financial statements of Soap & Glory Limited ("the company") for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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, 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 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 Directors' Report and Financial Statements 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 company's affairs as at 31 December 2012 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**SOAP & GLORY LIMITED**

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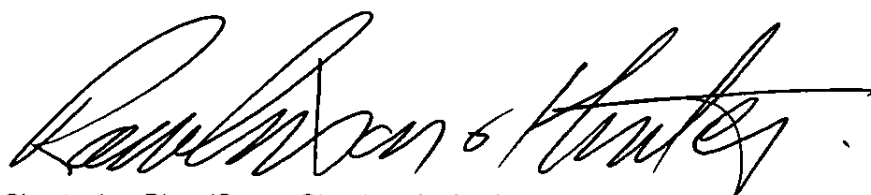
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOAP & GLORY LIMITED**

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**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



Christopher Bliss (Senior Statutory Auditor)

for and on behalf of  
**Rawlinson & Hunter**

Chartered Accountants  
Statutory Auditor

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

Date

8 July 2013



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**SOAP & GLORY LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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	Note	2012 £	2011 £
<b>TURNOVER</b>	1,2	<b>9,146,470</b>	<b>7,569,798</b>
Cost of sales		<u>(2,728,154)</u>	<u>(2,216,938)</u>
<b>GROSS PROFIT</b>		<b>6,418,316</b>	<b>5,352,860</b>
Administrative expenses		<u>(5,875,784)</u>	<u>(4,803,953)</u>
<b>OPERATING PROFIT</b>	3	<b>542,532</b>	<b>548,907</b>
Interest receivable and similar income		<b>49</b>	<b>394</b>
Interest payable and similar charges	6	<u>(64,615)</u>	<u>(30,534)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>477,966</b>	<b>518,767</b>
Tax on profit on ordinary activities	7	<u>(132,187)</u>	<u>(149,780)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	16	<u><b>£ 345,779</b></u>	<u><b>£ 368,987</b></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 9 to 20 form part of these financial statements

**SOAP & GLORY LIMITED**  
**REGISTERED NUMBER: 06436322**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2012**

	Note	£	2012 £	£	2011 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	8		19,394		19,959
Tangible fixed assets	9		153,457		93,583
Investments	10		20,138		1
			<u>192,989</u>		<u>113,543</u>
<b>CURRENT ASSETS</b>					
Stocks	11	675,904		631,171	
Debtors	12	5,137,295		4,645,853	
Cash at bank		445,629		270,623	
		<u>6,258,828</u>		<u>5,547,647</u>	
<b>CREDITORS</b> amounts falling due within one year	13	(3,946,134)		(3,501,286)	
<b>NET CURRENT ASSETS</b>			<u>2,312,694</u>		<u>2,046,361</u>
<b>NET ASSETS</b>			<u>£ 2,505,683</u>		<u>£ 2,159,904</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		1,000		1,000
Profit and loss account	16		2,504,683		2,158,904
<b>SHAREHOLDERS' FUNDS - ALL EQUITY</b>	17		<u>£ 2,505,683</u>		<u>£ 2,159,904</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

  
**J H J De Raaij**  
 Director

Date

*8/7/2013*

The notes on pages 9 to 20 form part of these financial statements

**SOAP & GLORY LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	18	425,365	(1,140,087)
Returns on investments and servicing of finance	19	(64,615)	(30,140)
Taxation		(185,000)	(329,317)
Capital expenditure and financial investment	19	(130,607)	(43,829)
Acquisitions and disposals	19	(20,137)	(1)
<b>CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		<b>25,006</b>	<b>(1,543,374)</b>
Financing	19	150,000	1,750,000
<b>INCREASE IN CASH IN THE YEAR</b>		<b>£ 175,006</b>	<b>£ 206,626</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2012 (NOTE 20)**

	2012 £	2011 £
Increase in cash in the year	175,006	206,626
Cash inflow from increase in debt and lease financing	(150,000)	(1,750,000)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>25,006</b>	<b>(1,543,374)</b>
Net (debt)/funds at 1 January 2012	(1,479,377)	63,997
<b>NET DEBT AT 31 DECEMBER 2012</b>	<b>£ (1,454,371)</b>	<b>£ (1,479,377)</b>

The notes on pages 9 to 20 form part of these financial statements

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## SOAP & GLORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of sales taxes and trade discounts, where applicable.

Revenue in respect of license fees receivable is recognised once retail sales have been completed by a licensee.

Revenue in respect of direct sales of goods is recognised when the goods have been dispatched to the customer and substantially all the risks and rewards of ownership have transferred.

##### 1.3 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less amortisation. They are amortised to the Profit and Loss Account over their estimated useful economic life of 10 years.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	-	3 years straight line
Office equipment	-	3 years straight line
Computer equipment	-	3 years straight line

##### 1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment, if any.

##### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

##### 1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

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## SOAP & GLORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

##### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

##### 1 10 Pensions

The company contributes to the personal pension plans of employees and the pension charge represents the amounts payable by the company to the pension plans in respect of the year

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**SOAP & GLORY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**2. TURNOVER**

An analysis of turnover by class of business is as follows

	2012 £	2011 £
License fees	6,047,766	5,176,578
Direct sales - external	2,532,268	1,998,231
Direct sales - intercompany	566,436	394,989
	<u>£ 9,146,470</u>	<u>£ 7,569,798</u>

A geographical analysis of turnover is as follows

	2012 £	2011 £
United Kingdom	5,871,366	4,871,849
Rest of European Union	1,676,809	1,464,034
United States of America	566,436	394,989
Rest of World	1,031,859	838,926
	<u>£ 9,146,470</u>	<u>£ 7,569,798</u>

**3. OPERATING PROFIT**

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Amortisation - intangible fixed assets	6,001	4,244
Depreciation of tangible fixed assets		
- owned by the company	65,297	205,217
Auditor's remuneration	14,000	10,000
Operating lease rentals		
- other operating leases	131,436	114,394
Difference on foreign exchange	63,604	(31,809)
	<u>                    </u>	<u>                    </u>

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**SOAP & GLORY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

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**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,537,834</b>	<b>1,956,365</b>
Social security costs	<b>248,976</b>	<b>183,089</b>
Other pension costs (Note 22)	<b>18,806</b>	<b>16,646</b>
	<b>£ 2,805,616</b>	<b>£ 2,156,100</b>

The average monthly number of employees, including the directors, during the year was as follows

	<b>2012</b>	<i>As restated</i>
	<b>No.</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Management, administration and operational staff	<b>46</b>	<b>38</b>

**5. DIRECTORS' REMUNERATION**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>£ 103,628</b>	<b>£ 69,574</b>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
On loans from group undertakings	<b>£ 64,615</b>	<b>£ 30,534</b>

**SOAP & GLORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**7. TAXATION**

	2012 £	2011 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	156,592	189,277
Adjustments in respect of prior periods	29,769	16,715
<b>Total current tax</b>	<u>186,361</u>	<u>205,992</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(27,530)	(39,186)
Effect of decreased/(increased) tax rate on opening asset/liability	5,221	(695)
Adjustments in respect of prior periods	(31,865)	(16,331)
<b>Total deferred tax</b> (see note 14)	<u>(54,174)</u>	<u>(56,212)</u>
<b>Tax on profit on ordinary activities</b>	<u>£ 132,187</u>	<u>£ 149,780</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>£ 477,966</u>	<u>£ 518,767</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	117,102	137,438
<b>Effects of:</b>		
Expenses not deductible for tax purposes	10,167	10,312
Difference between capital allowances for year and depreciation	8,166	41,527
Adjustments to tax charge in respect of prior periods	29,769	16,715
Other differences leading to an increase in taxation	21,157	-
<b>Current tax charge for the year</b> (see note above)	<u>£ 186,361</u>	<u>£ 205,992</u>

**Factors that may affect future tax charges**

Other than the deferred tax asset shown in note 14, there were no factors that may affect future tax charges



**SOAP & GLORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**8. INTANGIBLE FIXED ASSETS**

	<b>Patents and trademarks £</b>
<b>Cost</b>	
At 1 January 2012	25,985
Additions	5,436
At 31 December 2012	<u>31,421</u>
<b>Amortisation</b>	
At 1 January 2012	6,026
Charge for the year	6,001
At 31 December 2012	<u>12,027</u>
<b>Net book value</b>	
At 31 December 2012	£ 19,394
At 31 December 2011	<u>£ 19,959</u>

**9. TANGIBLE FIXED ASSETS**

	<b>Leasehold improve- ments £</b>	<b>Office equipment £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 January 2012	180,998	68,587	115,723	365,308
Additions	55,960	2,442	66,769	125,171
At 31 December 2012	<u>236,958</u>	<u>71,029</u>	<u>182,492</u>	<u>490,479</u>
<b>Depreciation</b>				
At 1 January 2012	170,800	57,649	43,276	271,725
Charge for the year	11,970	11,621	41,706	65,297
At 31 December 2012	<u>182,770</u>	<u>69,270</u>	<u>84,982</u>	<u>337,022</u>
<b>Net book value</b>				
At 31 December 2012	£ 54,188	£ 1,759	£ 97,510	£ 153,457
At 31 December 2011	<u>£ 10,198</u>	<u>£ 10,938</u>	<u>£ 72,447</u>	<u>£ 93,583</u>

# SOAP & GLORY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 10 FIXED ASSET INVESTMENTS

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2012	1
Additions (see below)	20,137
At 31 December 2012	<u>£ 20,138</u>

During the year, the company incorporated a trading subsidiary undertaking, Soap & Glory GmbH, registered in Germany, by subscribing for share capital amounting to €25,000 (£20,137)

### Subsidiary undertakings

The following were subsidiary undertakings of the company during the year

Company name	Country	Percentage Shareholding	Description
S&G US Holding LLC	USA	100 %	Non-trading
Soap & Glory USA LLC *	USA	100 %	Wholesale of cosmetics
Brandhandling International Limited	BVI	100 %	Non-trading
Soap & Glory GmbH	Germany	100 %	Marketing support

\* Held indirectly through S&G US Holding LLC

### 11. STOCKS

	2012 £	2011 £
Finished goods and goods for resale	<u>£ 675,904</u>	<u>£ 631,171</u>

### 12 DEBTORS

	2012 £	2011 £
Trade debtors	188,817	334,465
Amounts owed by group undertakings (Note 21)	1,211,877	766,307
Other debtors	87,895	214,539
Prepayments and accrued income	3,561,133	3,297,143
Deferred tax asset (see note 14)	87,573	33,399
	<u>£ 5,137,295</u>	<u>£ 4,645,853</u>

**SOAP & GLORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**13. CREDITORS:  
Amounts falling due within one year**

	2012 £	2011 £
Loans from group undertakings (Note 21)	1,900,000	1,750,000
Trade creditors	693,116	522,957
Amounts owed to group undertakings (Note 21)	313,561	373,457
Corporation tax	81,538	80,226
Social security and other taxes	119,856	89,832
Accruals and deferred income	838,063	684,814
	<u>£ 3,946,134</u>	<u>£ 3,501,286</u>

The loans from group undertakings represent an amount due to Brand Slam Limited, the immediate parent undertaking. This amount is secured by a fixed and floating charge over the company and all of its assets and bears interest at 3.5% above the Bank of England base rate. The loan was repaid in full in January 2013.

**14. DEFERRED TAX ASSET**

	2012 £	2011 £
At the beginning of the year	33,399	(22,813)
Movement in the year	54,174	56,212
	<u>£ 87,573</u>	<u>£ 33,399</u>

The deferred tax asset is made up as follows

	2012 £	2011 £
Fixed asset timing differences	£ 87,573	£ 33,399

**15. SHARE CAPITAL**

	2012 £	2011 £
<b>Allotted, called up and fully paid</b>		
700 A shares of £1 each	700	700
300 B shares of £1 each	300	300
	<u>£ 1,000</u>	<u>£ 1,000</u>

The A shares and B shares rank par passu in all respects subject to voting provisions in place to protect the interests of either the A shareholders or the B shareholders in certain circumstances as detailed in the company's articles of association, which are publicly available from Companies House.

**SOAP & GLORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**16. RESERVES**

	Profit and loss account £
At 1 January 2012	2,158,904
Profit for the year	345,779
	<u>£ 2,504,683</u>
At 31 December 2012	<u>£ 2,504,683</u>

**17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012 £	2011 £
Opening shareholders' funds	2,159,904	1,790,917
Profit for the year	345,779	368,987
	<u>£ 2,505,683</u>	<u>£ 2,159,904</u>
Closing shareholders' funds	<u>£ 2,505,683</u>	<u>£ 2,159,904</u>

**18. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2012 £	2011 £
Operating profit	542,532	548,907
Amortisation of intangible fixed assets	6,001	4,244
Depreciation of tangible fixed assets	65,297	205,217
Increase in stocks	(44,733)	(109,069)
Increase in debtors	(437,268)	(1,324,088)
Increase/(decrease) in creditors	293,536	(465,298)
	<u>£ 425,365</u>	<u>£ (1,140,087)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>£ 425,365</u>	<u>£ (1,140,087)</u>

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2012 £	2011 £
<b>Returns on investments and servicing of finance</b>		
Interest received	-	394
Interest paid	(64,615)	(30,534)
	<u>£ (64,615)</u>	<u>£ (30,140)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>£ (64,615)</u>	<u>£ (30,140)</u>

**SOAP & GLORY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)**

	2012 £	2011 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(5,436)	(13,018)
Purchase of tangible fixed assets	(125,171)	(30,811)
<b>Net cash outflow from capital expenditure</b>	<u>£ (130,607)</u>	<u>£ (43,829)</u>
	2012 £	2011 £
<b>Acquisitions and disposals</b>		
Purchase of fixed asset investments	<u>£ (20,137)</u>	<u>£ (1)</u>
	2012 £	2011 £
<b>Financing</b>		
New loan from group undertaking	1,900,000	1,750,000
Repayment of loan from group undertaking	(1,750,000)	-
<b>Net cash inflow from financing</b>	<u>£ 150,000</u>	<u>£ 1,750,000</u>

**20. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	270,623	175,006	-	445,629
<b>Debt:</b>				
Debts due within one year	(1,750,000)	(150,000)	-	(1,900,000)
<b>Net debt</b>	<u>£ (1,479,377)</u>	<u>£ 25,006</u>	<u>£ -</u>	<u>£ (1,454,371)</u>

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## SOAP & GLORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 21. RELATED PARTY BALANCES AND TRANSACTIONS

At 31 December 2012, the company owed £261,055 (2011 - £373,457) to Brand Slam Limited, the immediate parent undertaking. This amount is unsecured, interest free and repayable on demand.

Also included within loans from group undertakings in creditors at the year end was £1,900,000 (2011 - £1,750,000) owed to Brand Slam Limited. This amount is secured by a fixed and floating charge over the company and all of its assets and bears interest at 3.5% above the Bank of England base rate. This loan was repaid in January 2013. Interest of £32,674 (2011 - £17,918) and commitment fees of £31,941 (2011 - £12,616) were payable by the company to Brand Slam Limited during the year.

During the year, expenses totalling £30,070 (2011 - £145,680), including management fees at a mark-up of 8%, were recharged by Brand Slam Limited to the company.

At 31 December 2012, £1,211,877 (2011 - £762,046) was due from Soap & Glory USA LLC, a subsidiary undertaking. This amount is unsecured, interest free and repayable on demand. During the year, sales of £566,436 (2011 - £394,989) were made to Soap & Glory USA LLC.

At 31 December 2012, £12,618 was owed to (2011 - £4,261 was owed by) FitFlop Limited, a fellow group undertaking. This amount is unsecured, interest free and repayable on demand. During the year, management fees totalling £166,457 (2011 - £64,188) were charged by FitFlop Limited to the company.

At 31 December 2012, £39,888 (2011 - £Nil) was owed to Soap & Glory GmbH, a subsidiary undertaking. This amount is unsecured, interest free and repayable on demand. During the year costs totalling £175,229 (2011 - £Nil), including management fees at a mark-up of 5%, were recharged by Soap & Glory GmbH to the company.

During the year, sales of £6,151,278 (2011 - £4,975,111) were made to S and G Investments Limited, a shareholder in the company, other related undertakings and Boots UK Limited. Included in trade debtors and accrued income at the year end were amounts due from S and G Investments Limited, other related undertakings and Boots UK Limited of £90,039 (2011 - £80,986) and £3,530,253 (2011 - £3,106,976) respectively.

During the year, stock amounting to £2,499,402 (2011 - £1,969,695) was purchased from and royalties of £103,144 (2011 - £75,415) were received from S and G Investments Limited, other related undertakings and Boots UK Limited. Included in trade creditors and accruals at the year end were amounts due to S and G Investments Limited, other related undertakings and Boots UK Limited of £316,204 (2011 - £78,766) and £44,352 (2011 - £8,030) respectively.

During the year, the company incurred expenses of £103,628 from Elixir Advisors, a company in which G S Zauder has an interest. £70,000 of this amount is included within accruals at the year end.

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## SOAP & GLORY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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#### 22. PENSION COMMITMENTS

The company contributes to the personal pension plans of employees. The assets of the pension plans are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the pension plans and amounted to £18,806 (2011 - £16,646). No contributions were payable to the pension plans at the balance sheet date.

#### 23. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Expiry date:</b>		
Within 1 year	<b>85,854</b>	-
Between 2 and 5 years	-	<b>120,064</b>

#### 24. PARENT UNDERTAKINGS AND ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is Brand Slam Limited, a company incorporated in England and Wales. Brand Slam Limited is the parent undertaking of the smallest and largest group for which consolidated financial statements, including the results of the company and its subsidiaries, are prepared. The consolidated financial statements of Brand Slam Limited are available from Companies House.

The ultimate parent undertaking is Hold Firm Limited, a company incorporated in the British Virgin Islands.

The trustees of Ingodwe Trust have a controlling interest in Hold Firm Limited and are therefore considered to be the ultimate controlling party.