

Registered number: 07694327

LOVESPACE LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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LOVESPACE LIMITED

COMPANY INFORMATION

Directors

C Ameln
S Folwell
W Edwards (appointed 12 December 2017)

Registered number

07694327

Registered office

5th Floor
One New Change
London
EC4M 9AF

Accountants

Grant Thornton UK LLP
Chartered Accountants
300 Pavilion Drive
Northampton Business Park
Northampton
NN4 7YE

Report to the directors on the preparation of the unaudited statutory financial statements of Lovespace Limited for the year ended 31 December 2017

We have compiled the accompanying financial statements of Lovespace Limited based on the information you have provided. These financial statements comprise the Balance Sheet of Lovespace Limited as at 31 December 2017 and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Board of Directors of Lovespace Limited, as a body, in accordance with the terms of our engagement letter dated 6 February 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Lovespace Limited and state those matters that we have agreed to state to the Board of Directors of Lovespace Limited, as a body, in this report in accordance with our engagement letter dated 6 February 2018. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lovespace Limited and its Board of Directors, as a body, for our work or for this report.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). As a member firm of the Institute of Chartered Accountants in England and Wales, we are subject to its ethical and other professional requirements which are detailed at www.icaew.com.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton UK LLP

Grant Thornton UK LLP

Chartered Accountants

Northampton

Date: *6 April 2018*

LOVESPACE LIMITED
REGISTERED NUMBER:07694327

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	4	214,328	159,688
Tangible assets	5	96,464	114,825
		<u>310,792</u>	<u>274,513</u>
Current assets			
Stocks	6	20,152	12,262
Debtors: amounts falling due within one year	7	265,516	207,574
Cash at bank and in hand	8	21,097	25,984
		<u>306,765</u>	<u>245,820</u>
Creditors: amounts falling due within one year	9	(7,025,210)	(5,493,357)
Net current liabilities		<u>(6,718,445)</u>	<u>(5,247,537)</u>
Total assets less current liabilities		<u>(6,407,653)</u>	<u>(4,973,024)</u>
Creditors: amounts falling due after more than one year	10	(16,102)	(28,958)
Net liabilities		<u><u>(6,423,755)</u></u>	<u><u>(5,001,982)</u></u>
Capital and reserves			
Called up share capital		100	100
Other reserves	11	140,945	16,926
Profit and loss account	11	(6,564,800)	(5,019,008)
		<u><u>(6,423,755)</u></u>	<u><u>(5,001,982)</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

LOVESPACE LIMITED
REGISTERED NUMBER:07694327

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
5TH APRIL 2018

William R. Edwards

W Edwards

Director

The notes on pages 4 to 12 form part of these financial statements.

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The company is a private company limited by shares and is registered in England and Wales.

Registered Number: 07694327

Registered office:
5th Floor
One New Change
London
EC4M 9AF

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared the financial statements on a going concern basis, notwithstanding the deficit on the company's balance sheet of £6,423,755 at the balance sheet date. The company has the continuing support of its parent undertaking which has indicated it will continue to support the company to enable it to meet its obligations as they fall due for the foreseeable future.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Storage Income

Revenue from contracts is recognised monthly on a straight-line basis over the contracted period of storage to which a customer agrees.

Non-Storage Income

Revenue from non-storage activities is recognised upon delivery or completion of relevant goods and services.

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Trademarks	-	10 %
Computer software	-	25 %

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	-	Length of lease
Plant & machinery	-	25%
Office equipment	-	25%
Computer equipment	-	25%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired.

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments such as transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

2.11 Creditors

Short term creditors are measured at the transaction price.

2.12 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt.

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.13 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Statement of comprehensive income is charged with fair value of goods and services received.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of comprehensive income.

2.16 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. Employees

The average monthly number of employees, including directors, during the year was 36 (2016 - 36).

LOVESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Intangible assets

	Trademarks £	Computer software £	Total £
Cost			
At 1 January 2017	24,396	467,627	492,023
Additions	-	174,425	174,425
At 31 December 2017	<u>24,396</u>	<u>642,052</u>	<u>666,448</u>
Amortisation			
At 1 January 2017	7,248	325,087	332,335
Charge for the year	2,442	117,343	119,785
At 31 December 2017	<u>9,690</u>	<u>442,430</u>	<u>452,120</u>
Net book value			
At 31 December 2017	<u>14,706</u>	<u>199,622</u>	<u>214,328</u>
At 31 December 2016	<u>17,148</u>	<u>142,540</u>	<u>159,688</u>

LOVESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Tangible fixed assets

	Leasehold improvements £	Plant & machinery £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 January 2017	83,230	53,376	16,927	108,096	261,629
Additions	2,200	3,921	1,647	23,299	31,067
At 31 December 2017	<u>85,430</u>	<u>57,297</u>	<u>18,574</u>	<u>131,395</u>	<u>292,696</u>
Depreciation					
At 1 January 2017	16,646	27,799	6,936	95,423	146,804
Charge for the year on owned assets	17,086	14,327	4,640	13,375	49,428
At 31 December 2017	<u>33,732</u>	<u>42,126</u>	<u>11,576</u>	<u>108,798</u>	<u>196,232</u>
Net book value					
At 31 December 2017	<u>51,698</u>	<u>15,171</u>	<u>6,998</u>	<u>22,597</u>	<u>96,464</u>
At 31 December 2016	<u>66,584</u>	<u>25,577</u>	<u>9,991</u>	<u>12,673</u>	<u>114,825</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Leasehold improvements	44,298	59,064
Plant and machinery	2,686	5,374
	<u>46,984</u>	<u>64,438</u>

6. Stocks

	2017 £	2016 £
Goods for resale	<u>20,152</u>	<u>12,262</u>

LOVESPACE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Debtors

	2017 £	2016 £
Other debtors	216,455	143,912
Prepayments and accrued income	49,061	63,662
	<u>265,516</u>	<u>207,574</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	<u>21,097</u>	<u>25,984</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	62,658	157,979
Amounts owed to group undertakings	6,840,824	5,284,558
Other taxation and social security	46,459	28,617
Obligations under finance lease and hire purchase contracts	12,857	13,753
Accruals and deferred income	62,412	8,450
	<u>7,025,210</u>	<u>5,493,357</u>

10. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Obligations under finance leases and hire purchase contracts	<u>16,102</u>	<u>28,958</u>

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

11. Reserves

Other reserves

Share option reserve - represents equity-settled payments made to certain directors and employees in the shares of the parent company.

Profit & loss account

Profit & loss account - includes all current and prior period retained profits and losses.

12. Share based payments

The company has taken advantage of the exemption available to small entities in relation to accounting for share based payments for share options which were granted prior to the start of the first reporting period under FRS 102.

In October 2016, 19,237,966 options were granted, of these 1,000,000 options are now void due to a breach in the vesting conditions (2016: nil). 5,445,791 options were granted in April 2017 and a further 10,575,000 options were granted between July and November 2017. These options have an exercise price of 4.3p. A Black Scholes model was used to determine the fair value at grant date; key inputs were expected volatility of 50%, risk free rate of 2%, the exercise price of 4.3p and expected life to 31 December 2020. The total expense for the period is £124,019 (2016: £16,926).

Of the options granted during 2016 and 2017, 13,813,930 are part of an EMI scheme, 15,999,036 are part of an unapproved scheme and 5,445,791 are part of another scheme. The voided options all relate to the EMI scheme. Of these options, 5,813,930 (2016: 1,000,000) and 15,999,036 (2016: 14,987,966) respectively are options granted to individuals who were directors of the company and of its parent at the year end.

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £4,619 (2016 - £Nil). Contributions totalling £1,090 (2016 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

LOVESPACE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	122,108	117,316
Later than 1 year and not later than 5 years	437,075	439,108
Later than 5 years	251,350	360,050
	<u>810,533</u>	<u>916,474</u>