

# **Tropic Skincare Limited**

**Annual report and financial statements**

**For the year ended**

**31 December 2022**

**Registered number: 07840950**

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**Tropic Skincare Limited**  
**Financial Statements**  
**For the period ended 31 December 2022**

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**Tropic Skincare Limited**  
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**Officers and professional advisers**

**The Board of Directors**

S.Ma

**Company secretary**

M.E.Ray

**Registered office**

Amshold House  
Goldings Hill  
Loughton  
Essex  
IG10 2RW

**Independent auditor**

BDO LLP  
2 City Place  
Beehive Ring Road  
Gatwick  
West Sussex  
RH6 0PA

**Bankers**

Lloyds Bank  
PO BOX 72  
Bailey Drive  
Gillingham Business Park  
Gillingham  
Kent  
ME8 0LS

# **Tropic Skincare Limited**

## **Financial Statements**

### **For the period ended 31 December 2022**

## **Strategic report**

The Directors present their strategic report on the Company for the year ended 31 December 2022.

### **Principal activity**

The principal activity of the Company is manufacturing and selling of natural skincare makeup and beauty products primarily to Ambassadors, with a small portion of sales to end consumers.

### **Business review**

The Company performed very well during the year ended 31 December 2022 despite the challenges of the after effects of the pandemic. Sales of £64,818,196 (2021: £90,613,302) generated a profit before tax of £5,240,202 (2021: £10,538,351). During 2022 the company coped well with customers moving away from online shopping back to their normal pattern of buying. The Company saw growth of 63% on the year to December 2019 which was pre-covid. A compound three-year annualised growth of 17.7%.

The Company continues to invest in its people, its products, its software, and its manufacturing equipment. The company invested £1.7m in the year on capital expenditure and was proud to launch its new Organic range of products in the year. We also launched our refillable collection of products as part of our commitment to be a zero landfill brand. We also continued our commitment to double offset our carbon footprint.

The Company has identified turnover, earnings before interest, tax, depreciation, and amortisation ('EBITDA') and EBITDA as a percentage of turnover as key performance indicators of the business. The company has declined sales by 28.5% and has seen a decline in EBITDA as a percentage of sales by 3.2% to 10.3%. This is due to rising costs that have not been passed on to customers coupled with an increase overhead structure.

### **Key financial performance indicators**

|                           | <b>31 Dec<br/>2022<br/>£'000</b> | <b>31 Dec<br/>2021<br/>£'000</b> | <b>Change<br/>£'000</b> | <b>Growth<br/>%</b> |
|---------------------------|----------------------------------|----------------------------------|-------------------------|---------------------|
| <b>Turnover</b>           | 64,818                           | 90,613                           | (25,795)                | (28.5%)             |
| <b>EBITDA</b>             | 6,704                            | 12,234                           | (5,530)                 | (45.2%)             |
| <b>As a % of turnover</b> | 10.3%                            | 13.5%                            | (3.2%)                  |                     |

### **Principal risks and uncertainties**

#### **Price risk**

The Company is exposed to price risk on some raw materials. The Company does not manage this exposure due to cost benefit consideration.

#### **Cash flow risk**

With no credit given to customers the Company's cash inflow risk is limited to any general downturn in sales. The Company's cash flow risk is mainly associated to its spending decisions. The Company mitigates this by purchasing stock in line with the latest forecast sales and regularly reviewing its capital expenditure plans.

#### **Credit risk**

The Company offers no credit on its sales. The Company negotiates credit on purchases wherever possible. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

#### **Liquidity risk**

The Company has no debt and little liquidity risk.

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**Strategic report**

***Brexit risk***

The Company continues to monitor the impact of Brexit and will make the necessary changes to its business as matters develop.

***Economic Risk***

The Company continues to monitor the impact of inflationary pressures and the cost of living crisis and will make changes to the business as matters develop. The Ukraine conflict has to date not directly impacted the business but the Company continues to monitor any impact that may arise.

**Stakeholder engagement**

The Board is focused on delivering both financial objectives as well as delivering excellent service and experience for its customers and suppliers. The company seeks to create a healthier, greener, more empowered world. We aim to be a force for good beyond beauty and maintain our infinite purpose at the heart of everything we do at Tropic.

The Board of the company meet monthly to consider a range of compliance issues, a full review of risks as well as reporting back on the performance of the business in all divisions and ensure that the company's goals are being met. These goals are formalised in the company budget which is used to set the company's objectives each year. Management accounts are presented showing performance against these budgets.

The business objectives and KPI's are reviewed every month by senior management where new opportunities, business efficiencies and initiatives are reviewed by senior executives and the Board.

**Communication**

The staff meet with the Chief Executive every Friday afternoon where there is a review of the previous week and discussions on up coming Company events. This is an opportunity for staff to discuss the business with senior management and for senior management to update staff on the business. During COVID these meetings have continued via Microsoft Teams. All departments are encouraged to have their own group Teams meetings where individual performances can be discussed and Board actions implemented.

**Mental Health**

The Board takes its responsibility for the mental health of its employees seriously including providing and training mental health first aiders across the business, utilising external occupational mental health specialists, regular encouragement to speak to managers, and constant communication with those employees working from home. There are also a regular surveys to ask about health and wellbeing and to remind staff that they can reach out for assistance should they need it.

**Corporate and Social Responsibility (CSR)**

The company as part of its infinite purpose regularly reviews its CSR programme. It makes particular focus on the following areas:

**Ethical-** We choose to work with suppliers who emulate our own values and provide a safe working environment for its staff. We adopt an internal code of conduct and have expectations of our suppliers to also adhere to a code of conduct that reflects our own values on labour, human rights and anti-corruption.

**Environmental-** Tropic are committed to helping improve the environment. We are a certified Carbon Neutral company. All our carbon emissions are accounted for and double offset. Through this initiative we have founded conservation work in the Amazonian rain forest and helped to protect 65,000 hectares of forest from unsustainable palm oil conversion in Indonesia.

**Economic-** The Company has worked with its Ambassadors, customers and suppliers to help best reduce its use of packaging waste which has helped meet the goals of our CSR programme. As we continue on our infinite purpose we will strive to re-use more of our packaging and will encourage our customers to return and re-use empty Tropic containers.

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**Strategic report**

**Philanthropic-** Through the company initiatives we are proud to say that over 6 million school days have been paid for in over 160 schools across the world. This program continues as we seek to help educated the children of the world via our partnership with United World Schools. Each month we run a separate campaign to help both local, national, and international charities via the gifting of all profits on sales of selected products. Our employees also give their time and efforts to help in these fundraising efforts.

**Directors' statement of compliance with duty to promote the success of the Company**

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of key stakeholders in the Company in their decision making. Key stakeholders have been identified as ambassadors, employees, suppliers, end user customers and shareholders.

Our Ambassadors are at the heart of everything we do, because of this we work hard to build strong and lasting relationships with them. We seek to foster relationships with our Ambassadors through a series of differing events over the year ranging from roadshows, days out, HQ visits up to the annual Glambassadors event and the annual holiday incentive.

Our employees are our most important asset. Without our staff we would be unable to provide the products and support services that make Tropic the company that it is. They make enormous efforts to ensure our business is the best it can be, our investment in them protects and strengthens the common goals we share with them.

Our suppliers are key to us creating the fantastic products that we all love. We work hard with them to build strong long-term relationships via face-to-face meetings, video calls and electronic communications. We continue to focus on these relationships as our supply chain is key to us providing our end users with the best environmentally friendly sustainable products we can produce.

Our end user customers are central to our business. Without customers to buy our products we do not have a business. We continually strive to product environmentally friendly freshly made products from sustainable sourced ingredients at a price affordable for our customers. We engage with customers directly and via our Ambassador family to ensure we have their valuable feedback so that we can continually improve as a business on our infinite purpose path.

There is regular dialogue with our shareholders and issues of significance are communicated to them as required.

**Key decisions made in the year**

Key decisions made by the Board in the year ended 31 December 2022 ,included responding to the evolving government instructions and guidance, by continuing with the COVID rules and guidance to ensure that all Company-wide measures protect the Company's operations and staff safety paramount to all decisions. In addition , the Board focused on working capital opportunities and worked with our supply chain to ensure continuity of components for the manufacture of our products. In particular there was a focus on reducing stock levels that had grown due to the need to secure supply during COVID and the unpredictability of online sales. We are please to report that stock fell to £9.6m from £14.6m which brings it back in line with December 2020 levels.

This report is approved by the Board of Directors on 12 September 2023 and signed on its behalf by:



**S.Ma**

**Chief Executive**

**Tropic Skincare Limited**  
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**Directors' Report**

The Directors present their annual report on the affairs of the Company, together with the financial statements and auditor's report for the year ended 31 December 2022.

**Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 2 to the financial statements.

**Future developments**

The Company continues to experience a slowdown in sales in comparison to the prior year as the country comes out of COVID lockdown.

The Company is expecting to see turnover fall in 2022 compared to 2021 but to be significantly higher than 2019, the pre covid levels.

In addition to increasing the Company's market share, the Directors continue to focus on expanding the number of Ambassadors and enhancing product quality.

**Directors**

The Directors who served the Company during the year were as follows:

S.Ma  
Lord A.M.Sugar (Resigned on 03<sup>rd</sup> Apr 2023)

**Financial risk management**

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's Chief Executive Officer. The Board receives monthly reports from the finance department through which it reviews the effectiveness of the processes and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set out policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

**Disabled employees**

Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicants concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible be identical to other employees.

**Environment**

The company is aware of its environmental obligations and actively promotes environmental initiatives with its employees, customers and suppliers. The company has been certified for the last four years as a carbon neutral company. The company has also committed to double-offsetting its emissions meaning that it removes double the greenhouse gasses that are emitted through our business activities.

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**Directors' Report**

**Streamlined Energy and Carbon Reporting (SECR)**

The Company is a 'large unquoted' company under the Streamlined Energy and Carbon Reporting (SECR) regulations and from this year are required to report annually on in the standard format on greenhouse gas emissions from Scope 1 and 2: Electricity, Gas and Transport.

**Energy consumption and greenhouse gas emissions for the calendar year 2022 and 2021**

| Source of energy and emissions             | GHG emissions (tCO2e) |         |
|--|-----------------------|---------|
|  | 2022                  | 2021    |
| Scope 1 ( gas, diesel and other fuels)     | 124.8                 | 152.3   |
| Scope 2 ( electricity)                     | 251.5                 | 139.3   |
| Scope 3 (Transport)                        | 1,179.4               | 2,512.8 |
| Total emissions in tonnes CO2e             | 1,555.7               | 2,804.4 |
| Intensity ratio Tonnes per £1m of turnover | 24.0                  | 30.9    |
| Intensity ration Tonnes per floor area     | 0.010                 | 0.017   |

The above information has been prepared by a third party RSK natural capital partners as the Company uses this to ensure that we double offset our carbon emissions. Where possible our energy is sourced from renewable sources.

*Conversion factors*

All conversion factors and fuel properties used in this disclosure have been taken from the 2020 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). Average fuel prices have been taken from "Retail Prices of Petroleum Products and Crude Oil Price Index" published by BEIS. All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence.

*Utilities*

For purchased electricity and natural gas the consumption expressed in kilowatt-hours has been taken from supplier invoices and half-hourly meter readings. The location based kgCO2e/kWh conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption



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**Directors' Report**

**Charitable Donations**

During the period, the Company made charitable donations of £416,557 (2021: £902,075). The principal donations were £333,150 to the United World Schools (2021: £707,568). The Company has partnered with United World Schools to build schools and help the educational of children in third world countries. To date the company has funded over 6 million school days for children via our partnership with United World Schools.

The Company has now funded third school in Madagascar after previously opening schools in Nepal and Cambodia.

During the year, the Company pledged to give 10% of its profits each year to good causes as part of its infinite purpose commitment.

**Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

**Dividends**

The Directors paid a dividend of £6,000,000 during the year (2021: £nil).

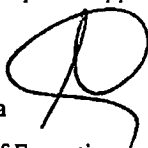
**Statement as to disclosure of information to the auditor**

BDO LLP have expressed their willingness to continue in office.

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report is approved by the Board of Directors on 12 September 2023 and signed on its behalf by:

  
S.Ma  
Chief Executive

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**Directors' responsibilities statement**

The Directors are responsible for preparing the strategic report, 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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; and
- 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.

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**Independent auditor's report to the members of Tropic Skincare Limited**

**Opinion on the 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 2022 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.

We have audited the financial statements of Tropic Skincare Limited ("the Company") for the year ended 31 December 2022 which comprise the statement of financial position, statement of income, the statement of changes in equity, the cash flow statement and notes to the financial statements, including a summary of 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).

**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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

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.

**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.

**Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. 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.

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**Independent auditor's report to the members of Tropic Skincare Limited**

We have nothing to report in this regard.

**Other Companies Act 2006 reporting**

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

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 Statement of Directors Responsibilities, 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.

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

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:

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**Independent auditor's report to the members of Tropic Skincare Limited**

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. These include, but are not limited to, compliance with the Companies Act 2006, UK GAAP and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls and improper revenue recognition;
- We had a discussion with management regarding known or suspected instances of non-compliance with laws and regulations and fraud;
- We challenged assumptions made by management in their significant accounting policies and estimates and judgment in particular in relation to the recognition of revenue;
- In addressing the risk of fraud, we tested the appropriateness of journal entries, reviewed judgements and accounting estimates for any evidence of potential bias and performed testing over revenue and the application of revenue recognition.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

**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.

DocuSigned by:  
  
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James Fearon (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK  
12 September 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## **Tropic Skincare Limited**

### **Statement of income For the period ended 31 December 2022**

|                               | Note | 2022<br>£        | 2021<br>£        |
|-------------------------------|------|------------------|------------------|
| Turnover                      | 5    | 64,818,196       | 90,613,302       |
| Cost of sales                 |      | (40,820,550)     | (61,488,139)     |
| Gross profit                  |      | 23,997,646       | 29,125,163       |
| Administrative expenses       |      | (18,770,502)     | (18,586,972)     |
| Operating profit              | 6    | 5,227,144        | 10,538,191       |
| Finance income                | 4    | 13,058           | 160              |
| Profit before taxation        |      | 5,240,202        | 10,538,351       |
| Tax charge on profit          | 11   | (565,612)        | (1,779,780)      |
| Profit for the financial year |      | <u>4,674,590</u> | <u>8,758,571</u> |

All activities of the Company are from continuing operations.

The Company has no other recognised gains or losses in the year or prior year other than as presented in the profit and loss accounts above, therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 16 to 27 form part of these financial statements.

# Tropic Skincare Limited

## Statement of financial position At 31 December 2022

|   | Note | 2022<br>£                | 2021<br>£                |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                   |      |                          |                          |
| Tangible assets                                       | 12   | 6,892,321                | 6,640,991                |
| Intangible assets                                     | 13   | 562,682                  | 627,600                  |
|   |      | <u>7,455,003</u>         | <u>7,268,591</u>         |
| <b>Current assets</b>                                 |      |                          |                          |
| Stocks  | 14   | 9,590,224                | 14,619,355               |
| Debtors   | 15   | 2,793,245                | 4,646,726                |
| Cash at bank and in hand                              |      | 12,314,634               | 10,345,650               |
|   |      | <u>24,698,103</u>        | <u>29,611,731</u>        |
| <b>Creditors: amounts falling due within one year</b> | 16   | (10,224,699)             | (14,468,848)             |
| <b>Net current assets</b>                             |      | <u>14,473,404</u>        | <u>15,142,883</u>        |
| <b>Total assets less current liabilities</b>          |      | <u>21,928,407</u>        | <u>22,411,474</u>        |
| <b>Provision for liabilities and charges</b>          | 17   | (987,343)                | (145,000)                |
| <b>Net assets</b>                                     |      | <u><u>20,941,064</u></u> | <u><u>22,266,474</u></u> |
| <b>Capital and reserves</b>                           |      |                          |                          |
| Called-up share capital                               | 18   | 200                      | 200                      |
| Share premium account                                 | 19   | 199,900                  | 199,900                  |
| Profit and loss account                               | 20   | 20,740,964               | 22,066,374               |
| <b>Shareholders' funds</b>                            |      | <u><u>20,941,064</u></u> | <u><u>22,266,474</u></u> |

The financial statements of Tropic Skincare Limited (registered number 07840950) were approved by the Board of Directors and authorised for issue on 12 September 2023, and are signed on behalf of the board by:



S.Ma  
Managing Director

The notes on pages 15 to 26 form part of these financial statements.

## Tropic Skincare Limited

### Statement of changes in equity At 31 December 2022

|                            | Note | Called up<br>share capital<br>£ | Share<br>premium<br>£ | Profit and loss<br>account<br>£ | Total<br>£  |
|----------------------------|------|---------------------------------|-----------------------|---------------------------------|-------------|
| As at 31 December 2020     |      | 200                             | 199,900               | 13,307,803                      | 13,507,903  |
| Total comprehensive income |      | -                               | -                     | 8,758,571                       | 8,758,571   |
| Dividends                  | 10   | -                               | -                     | -                               | -           |
| As at 31 December 2021     |      | 200                             | 199,900               | 22,066,374                      | 22,266,474  |
| Total comprehensive income |      | -                               | -                     | 4,674,590                       | 4,674,590   |
| Dividends                  | 10   | -                               | -                     | (6,000,000)                     | (6,000,000) |
| As at 31 December 2022     |      | 200                             | 199,900               | 20,740,964                      | 20,941,064  |

The notes on pages 15 to 26 form part of these financial statements.



# Tropic Skincare Limited

## Cash flow statement At 31 December 2022

|   | 2022<br>£   | 2021<br>£   |
|---|-------------|-------------|
| <b>Cash flow from operating activities</b>                  |             |             |
| Profit for the year   | 4,674,590   | 8,758,571   |
| Adjustments for:  |             |             |
| Depreciation of tangible fixed assets                       | 1,149,149   | 983,573     |
| Amortisation of intangible fixed assets                     | 327,524     | 712,125     |
| Finance income  | (13,058)    | (160)       |
| Taxation expense  | 565,612     | 1,779,780   |
| Decrease/(Increase) in debtors                              | 1,974,624   | (3,011,834) |
| Decrease/(Increase) in stock                                | 5,029,131   | (5,004,936) |
| (Decrease)/Increase in creditors                            | (3,527,926) | 3,504,401   |
| Increase in provisions                                      | 71,000      | 60,000      |
|   | <hr/>       | <hr/>       |
| <b>Cash generated from operations</b>                       | 10,250,646  | 7,781,520   |
| Tax paid  | (631,635)   | (2,900,378) |
|   | <hr/>       | <hr/>       |
| <b>Net cash flows from operating activities</b>             | 9,619,011   | 4,881,142   |
| <b>Investing activities</b>                                 |             |             |
| Purchase of tangible fixed assets                           | (1,400,479) | (1,789,864) |
| Purchase of intangible fixed assets                         | (262,606)   | (553,653)   |
| Interest received   | 13,058      | 160         |
|   | <hr/>       | <hr/>       |
| <b>Net cash used in investing activities</b>                | (1,650,027) | (2,343,357) |
| <b>Financing activities</b>                                 |             |             |
| Dividends paid  | (6,000,000) | -           |
|   | <hr/>       | <hr/>       |
| <b>Net cash used in finance activities</b>                  | (6,000,000) | -           |
|   | <hr/>       | <hr/>       |
| <b>Net (decrease)/increase in cash and cash equivalents</b> | 1,968,984   | 2,537,785   |
| <b>Cash and cash equivalents at beginning of period</b>     | 10,345,650  | 7,807,865   |
|   | <hr/>       | <hr/>       |
| <b>Cash and cash equivalents at end of period</b>           | 12,314,634  | 10,345,650  |
|   | <hr/>       | <hr/>       |

There are no cash equivalents at the beginning or the end of the period.

The notes on pages 15 to 26 form part of these financial statements.

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 1. General information

Tropic Skincare Limited is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The Company is registered in England and Wales.

The address of the registered office is Amshold House, Goldings Hill, Loughton, Essex, IG10 2RW and the nature of the Company's operations and its principal activities are set out in the Strategic Report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom.

### 2. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### a. *Basis of preparation*

The financial statements have been prepared on the historical cost basis. The preparation of the financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates, further details of which are given in Note 3. It also requires Company management to exercise judgement in applying the Company's accounting policies.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### b. *Going concern*

In preparing the financial statements the Directors are required to assess the Company's ability to continue to trade as a going concern for the foreseeable future. In undertaking this assessment, the Directors have given due consideration to the Company's historical and current trading, together with forward looking projections.

The Company has prepared detailed cashflow forecasts and undertaken scenario modelling. The Directors have reviewed the cashflow forecasts and based on their best assessment therefore believe that the Company will have sufficient financing in place to ensure cashflow requirements are satisfied for at least the next twelve months. As such the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Consequently, the financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern..

#### c. *Fixed assets*

Tangible and intangible assets are initially recorded at cost or valuation, and subsequently reduced by depreciation and any provision for impairment. Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

##### *Tangible*

|                               |                       |
|-------------------------------|-----------------------|
| Fixtures and Fittings         | 10%-50% Straight line |
| Plant and Machinery           | 10%-50% Straight line |
| Computer and Office Equipment | 25%-50% Straight line |
| Improvements to Property      | 10%-50% Straight line |

##### *Intangible*

|                   |                       |
|-------------------|-----------------------|
| Computer Software | 25%-50% Straight line |
|-------------------|-----------------------|

# **Tropic Skincare Limited**

## **Notes to the financial statements For the period ended 31 December 2022**

### **d. 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.

### **e. Taxation**

The taxation expense represents the aggregated amount of current and deferred tax recognised in the reporting period.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 is measured using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Tax is recognised in profit and loss, except to the extent where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### **f. Revenue recognition**

Revenue is recognised at fair value of the consideration received or receivable for sale of goods in the ordinary course of business. The fair value of the goods takes into account trade discounts, settlement discounts and is shown net of VAT. Revenue is recognised when the significant risks and rewards are physically delivered to the customer.

# **Tropic Skincare Limited**

## **Notes to the financial statements For the period ended 31 December 2022**

### **g. Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

### **h. Leases**

*The Company as lessee*

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

### **i. Finance costs**

As interest arises, it accrues in the profit or loss account.

### **j. Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

### **k. Inventory**

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the latest purchase price method. 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.

Net realisable value is the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

Selling costs, abnormal losses, storage costs and administration overheads not contributing to inventories are expensed as incurred.

### **l. Research and development**

Research and development expenditure is expensed in the period in which it is incurred.

### **m. Pensions**

The Company operated a defined contribution plan for its employees. A defined contribution pension 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 income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independent administered funds.

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### *n. Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

#### **i. Financial assets**

Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at amortised costs.

#### **ii. Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

### **3. 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 amounts of assets and liabilities. 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.

The most significant judgements and estimations taken by Directors are the provisions for slow moving or obsolete stock. This requires an assessment to be made on the recoverable value of old stock and potential stock losses for raw materials in the production process.

Tangible and intangible fixed assets are a key source of estimation uncertainty as they are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### **4. Finance income**

|                          | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|--------------------------|-----------------------------|-----------------------------|
| Bank interest receivable | <u>13,058</u>               | <u>160</u>                  |

## **Tropic Skincare Limited**

### **Notes to the financial statements For the period ended 31 December 2022**

#### **5. Revenue**

|                      | <b>31<br/>December<br/>2022<br/>£</b> | <b>31<br/>December<br/>2021<br/>£</b> |
|----------------------|---------------------------------------|---------------------------------------|
| Revenue arises from: |                                       |                                       |
| Sale of goods        | <u>64,818,196</u>                     | <u>90,613,302</u>                     |

The whole of the revenue attributable to the principal activity of the Company is wholly undertaken in the United Kingdom.

#### **6. Operating profit**

|  | <b>31<br/>December<br/>2022<br/>£</b> | <b>31<br/>December<br/>2021<br/>£</b> |
|--|---------------------------------------|---------------------------------------|
| Profit before taxation is stated after charging/(crediting): |                                       |                                       |
| Depreciation of tangible assets                              | 1,149,149                             | 983,573                               |
| Amortisation of intangible assets                            | 327,524                               | 712,125                               |
| Loss/(Profit) on foreign exchange                            | (140,243)                             | (74,176)                              |
| Inventory recognised as an expense                           | 15,392,899                            | 24,025,917                            |
| Operating lease expense- Land and buildings                  | <u>743,124</u>                        | <u>743,124</u>                        |

#### **7. Auditor's remuneration**

|  | <b>31<br/>December<br/>2022<br/>£</b> | <b>31<br/>December<br/>2021<br/>£</b> |
|--|---------------------------------------|---------------------------------------|
| Fees payable for the audit of the financial statements | <u>46,344</u>                         | <u>41,600</u>                         |

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 8. Staff costs

The average monthly number of persons employed by the Company during the year, including the Directors, amounted to:

|                                | 31<br>December<br>2022 | 31<br>December<br>2021 |
|--------------------------------|------------------------|------------------------|
| Production and warehouse staff | 234                    | 337                    |
| Administrative staff           | 150                    | 107                    |
|                                | <u>384</u>             | <u>444</u>             |

The aggregate payroll costs incurred during the year, relating to the above including Directors, were:

|                       | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries    | 10,811,271                  | 10,591,465                  |
| Social security costs | 1,086,289                   | 915,829                     |
| Pension contributions | 177,961                     | 142,525                     |
|                       | <u>12,075,522</u>           | <u>11,649,819</u>           |

### 9. Directors' remuneration

The Directors' aggregate remuneration (included in note 8) in respect of qualifying services was:

|              | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|--------------|-----------------------------|-----------------------------|
| Remuneration | 458,333                     | 480,000                     |
| Pension      | 1,321                       | 1,318                       |
|              | <u>459,654</u>              | <u>481,318</u>              |

Directors' remuneration for the current and prior years relates to only one Director.

The directors are considered to be the key management personnel.

### 10. Dividends on equity shares

|  | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|--|-----------------------------|-----------------------------|
| Amounts recognised as distributions to equity holders in the year: |                             |                             |
| Interim dividends for the year                                     | <u>6,000,000</u>            | <u>-</u>                    |

During the year a dividend of £6,000,000 was declared and paid (2021: £nil).

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 11. Tax charge on profit

|  | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|--|-----------------------------|-----------------------------|
| <b>Current tax:</b>                            |                             |                             |
| UK current tax expense                         | (553,432)                   | (1,646,766)                 |
| Adjustments in respect of prior years          | 171,353                     | 192,008                     |
| Total current tax charge                       | (382,079)                   | (1,454,758)                 |
| <b>Deferred tax:</b>                           |                             |                             |
| Origination and reversal of timing differences | (133,728)                   | (270,865)                   |
| Adjustment in respect of prior years           | (49,805)                    | (54,157)                    |
| Total deferred tax charge                      | (183,533)                   | (325,022)                   |
| Total tax charge on profit                     | <u>(565,612)</u>            | <u>(1,779,780)</u>          |

### Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%).

|  | 31<br>December<br>2022<br>£ | 31<br>December<br>2021<br>£ |
|--|-----------------------------|-----------------------------|
| Profit on ordinary activities before taxation                  | 5,240,202                   | 10,538,351                  |
| Tax on profit at standard UK tax rate of 19.00% (2021: 19.00%) | (995,639)                   | (2,002,287)                 |
| Effect of expenses not deductible for tax purposes             | (13,490)                    | (20,666)                    |
| Research and Development credits                               | 247,000                     | 158,080                     |
| Effect of change in tax rates                                  | (65,904)                    | (141,075)                   |
| Short term timing differences                                  | 17,750                      | -                           |
| Effect of super deduction on allowances                        | 123,123                     | 88,317                      |
| Adjustments in respect of prior years                          | 121,548                     | 137,851                     |
| Total tax charge on profit                                     | <u>(565,612)</u>            | <u>(1,779,780)</u>          |

### Factors that may affect future tax income charges

From 1 April 2023 the main rate of corporation tax increased from 19% to 25%. This will impact the Company's future tax charge. Deferred tax assets and liabilities at the statement of financial position date have been recognised at 25%.



# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 12. Tangible assets

|                       | Fixtures<br>and<br>fittings<br>£ | Plant<br>and<br>machinery<br>£ | Computer and<br>office<br>equipment<br>£ | Improvements<br>to<br>property<br>£ | Total<br>£        |
|-----------------------|----------------------------------|--------------------------------|--|-------------------------------------|-------------------|
| <b>Cost</b>           |                                  |                                |  |                                     |                   |
| At 1 January 2022     | 513,400                          | 4,592,846                      | 316,212                                  | 4,544,330                           | 9,966,788         |
| Additions             | 19,363                           | 617,420                        | 99,167                                   | 664,529                             | 1,400,479         |
| Disposals             | (27,064)                         | (834,595)                      | (117,066)                                | (196,433)                           | (1,175,158)       |
| At 31 December 2022   | <u>505,699</u>                   | <u>4,375,671</u>               | <u>298,313</u>                           | <u>5,012,426</u>                    | <u>10,192,109</u> |
| <b>Depreciation</b>   |                                  |                                |  |                                     |                   |
| At 1 January 2022     | 210,114                          | 1,496,550                      | 161,342                                  | 1,457,791                           | 3,325,797         |
| Charge for the year   | 101,707                          | 520,423                        | 69,403                                   | 457,616                             | 1,149,149         |
| Disposals             | (27,064)                         | (834,595)                      | (117,066)                                | (196,433)                           | (1,175,158)       |
| At 31 December 2022   | <u>284,757</u>                   | <u>1,182,378</u>               | <u>113,679</u>                           | <u>1,718,974</u>                    | <u>3,299,788</u>  |
| <b>Net book value</b> |                                  |                                |  |                                     |                   |
| At 31 December 2021   | <u>303,286</u>                   | <u>3,096,296</u>               | <u>154,870</u>                           | <u>3,086,539</u>                    | <u>6,640,991</u>  |
| At 31 December 2022   | <u>220,942</u>                   | <u>3,193,293</u>               | <u>184,634</u>                           | <u>3,293,452</u>                    | <u>6,892,321</u>  |

### 13. Intangible assets

|                       | Computer<br>software<br>£ | Total<br>£       |
|-----------------------|---------------------------|------------------|
| <b>Cost</b>           |                           |                  |
| At 1 January 2022     | 1,800,249                 | 1,800,249        |
| Additions             | 262,606                   | 262,606          |
| Disposals             | (997,958)                 | (997,958)        |
| At 31 December 2022   | <u>1,064,897</u>          | <u>1,064,897</u> |
| <b>Amortisation</b>   |                           |                  |
| At 1 January 2022     | 1,172,649                 | 1,172,649        |
| Charge for the year   | 327,524                   | 327,524          |
| Disposals             | (997,958)                 | (997,958)        |
| At 31 December 2022   | <u>502,215</u>            | <u>502,215</u>   |
| <b>Net book value</b> |                           |                  |
| At 31 December 2021   | <u>627,600</u>            | <u>627,600</u>   |
| At 1 December 2022    | <u>562,682</u>            | <u>562,682</u>   |

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 14. Stocks

|                | 2022<br>£        | 2021<br>£         |
|----------------|------------------|-------------------|
| Finished goods | 2,414,234        | 3,705,385         |
| Raw materials  | 7,175,990        | 10,913,970        |
|                | <u>9,590,224</u> | <u>14,619,355</u> |

### 15. Debtors: amounts falling due within one year

|                                | 2022<br>£        | 2021<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 3,316            | 62,759           |
| Prepayments and accrued income | 2,668,786        | 4,583,968        |
| Corporation tax                | 121,143          | -                |
|                                | <u>2,793,245</u> | <u>4,646,727</u> |

### 16. Creditors: amounts falling due within one year

|                                       | 2022<br>£           | 2021<br>£           |
|---------------------------------------|---------------------|---------------------|
| Trade creditors                       | (2,091,740)         | (3,106,628)         |
| Other taxes and social security costs | (1,775,211)         | (2,680,340)         |
| Corporation tax                       | -                   | (128,413)           |
| Deferred Tax                          | -                   | (587,810)           |
| Accruals and deferred income          | (6,357,748)         | (7,965,657)         |
|                                       | <u>(10,224,699)</u> | <u>(14,468,848)</u> |

### 17. Provision for liabilities and charges

|                             | Deferred<br>Tax<br>£ | Dilapidation<br>provision<br>£ | Total<br>£       |
|-----------------------------|----------------------|--------------------------------|------------------|
| At 1 January 2022           | -                    | (145,000)                      | (145,000)        |
| Reclassified from Creditors | (587,810)            | -                              | (587,810)        |
| Provided in the year        | (183,533)            | (71,000)                       | (254,533)        |
| At 31 December 2022         | <u>(771,343)</u>     | <u>(216,000)</u>               | <u>(987,343)</u> |

Dilapidation provisions are expected to be utilised upon exit of the leases of the relevant properties.

Deferred tax liability has been reclassified from Creditors to Provisions for Liability and charges in 2022.

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 18. Called-up share capital

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| Allotted, issued and fully paid:                                      |           |           |
| 200 ordinary shares of £1 each (2021: 200 ordinary shares of £1 each) | 200       | 200       |

Called up share capital represents the nominal value of the shares issued.

### 19. Share Premium

The share premium account includes the premium on issue of equity shares, net of an issue costs.

### 20. Profit and loss account

The retained earnings reserve represents historical accumulated profits less transfers and distributions to owners.

### 21. Notes to the cash flow statement

#### Analysis and reconciliation of net funds

|                           | At 1 January<br>2022<br>£ | Cashflow<br>£ | At 31<br>December<br>2022<br>£ |
|---------------------------|---------------------------|---------------|--------------------------------|
| Cash and cash equivalents | 10,345,650                | 1,968,984     | 12,314,634                     |
| Net funds                 | 10,345,650                | 1,968,984     | 12,314,634                     |

|  | 2022<br>£  | 2021<br>£  |
|--|------------|------------|
| Change in net fund resulting from cashflow | 1,968,984  | 2,537,785  |
| Movement in net funds in the period        | 1,968,984  | 2,537,785  |
| Net funds at 1 January 2022                | 10,345,650 | 7,807,865  |
| Net funds at 31 December 2022              | 12,314,634 | 10,345,650 |

# Tropic Skincare Limited

## Notes to the financial statements For the period ended 31 December 2022

### 22. Commitments under operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

|                            | Land and<br>buildings | Land and<br>buildings |
|----------------------------|-----------------------|-----------------------|
|                            | 2022                  | 2021                  |
|                            | £                     | £                     |
| Within one year            | 630,624               | 743,124               |
| Between one and five years | 1,172,496             | 1,509,996             |
| Over five years            | 1,597,325             | 1,905,306             |
|                            | <u>3,400,445</u>      | <u>4,158,426</u>      |

### 23. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independent administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £ 177,961 (2021:£142,525). Contribution totalling £ nil (2021: £98) were payable to the fund at the reporting date and are included in creditors.

### 24. Capital Commitment

The Company had £nil (2021: £nil) of capital commitments that were contracted but not provided for at the year end.

### 25. Related party transactions

During the period Amshold Group Limited, a Company controlled by Lord Sugar, charged the Company £78,000 (2021: £104,300) for management consultancy services.

At the year end the amount due to Amshold Group Limited was £32,500 (2021: £13,000).

### 26. Ultimate controlling party

At the date of this report, the Company was indirectly wholly owned by Susie Ma.

With effect from 31<sup>st</sup> March 2023 Summerview Investments Limited and Springview Investments Limited both companies wholly owned by Susie Ma are the two shareholders in the Company.

At the year end, in the opinion of the Directors there was no controlling party.

### 27. Financial Instruments

There are no financial asset or liabilities measure at fair value through profit and loss.