

REGISTERED NUMBER: 08174429 (England and Wales)

UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

FOR

BELLA FREUD LTD

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FOR THE YEAR ENDED 31 MARCH 2021**

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BELLA FREUD LTD
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS:

J L Fox
I L Freud
A D Wolfson

REGISTERED OFFICE:

Bella Freud Studio
Unit 23, The Tay Build 2A
Wrentham Avenue
London
NW10 3HA

REGISTERED NUMBER:

08174429 (England and Wales)

ACCOUNTANTS:

Crowe U.K. LLP
4 Mount Ephraim Road
Tunbridge Wells
Kent
TN1 1EE

BALANCE SHEET
31 MARCH 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible assets	4		51,644		66,176
Investments	5		<u>1,110,352</u>		<u>-</u>
			1,161,996		66,176
CURRENT ASSETS					
Stocks	6	606,108		877,066	
Debtors	7	281,703		437,506	
Cash at bank and in hand		<u>405,814</u>		<u>25,802</u>	
		1,293,625		1,340,374	
CREDITORS					
Amounts falling due within one year	8	<u>312,482</u>		<u>475,656</u>	
NET CURRENT ASSETS			<u>981,143</u>		<u>864,718</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,143,139		930,894
CREDITORS					
Amounts falling due after more than one year	9		<u>1,253,188</u>		<u>1,932,658</u>
NET ASSETS/(LIABILITIES)			<u>889,951</u>		<u>(1,001,764)</u>
CAPITAL AND RESERVES					
Called up share capital	10		3		3
Share premium	11		2,799,876		1,349,963
Merger relief reserve	11		1,104,822		-
Retained earnings	11		<u>(3,014,750)</u>		<u>(2,351,730)</u>
SHAREHOLDERS' FUNDS			<u>889,951</u>		<u>(1,001,764)</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

BALANCE SHEET - continued
31 MARCH 2021

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 16 December 2021 and were signed on its behalf by:

I L Freud - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

1. STATUTORY INFORMATION

Bella Freud Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going concern

Accounting standards require the directors to consider the appropriateness of the going concern basis when preparing the financial statements. The directors confirm that they consider that the going concern basis remains appropriate. The financial statements have been prepared on a going concern basis even though at the balance sheet date the company had incurred a net loss of £663,020 for the year. The company's ability to continue as a going concern is dependent on the willingness of the director I L Freud, as the controlling party, and Pembroke VCT Plc as a provider of finance, to continue to provide support. Both have expressed their willingness to provide financial support for at least 12 months from the date of approval of the financial statements in order for the company to meet its current liabilities.

Since the onset of the Covid-19 crisis, wholesale activity has taken a dramatic downturn and the retail channel has ceased, however Ecommerce is trading well. Overheads have been reduced where possible, which has assisted the company with its cashflow. Further cash injections were received in June 2020.

The company is making use of the Government schemes available and the directors took the decision to furlough some staff.

When taking account of the measures above and the current performance of the business the directors believe that it is appropriate to continue to adopt the going concern basis of accounting in preparing the annual financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover is recognised when it is possible that the economic benefits will flow to the company and when the revenue can be measured reliably. From the sale of goods this occurs when the significant risks and rewards of ownership have been transferred to the buyer, provided that the company maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Tangible fixed assets

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 basis:

Improvements to property	20% straight line
Website development	33% straight line
Fixtures and fittings	33% straight line
Computer software	33% straight line
Office and computer equipment	33% straight line

Government grants

Grants relate to amounts received under the Government's Coronavirus Job Retention Scheme, Coronavirus Rates Relief Scheme and the Coronavirus Business Interruption Loan Scheme. Grants are accounted for on an accruals basis and recognised in the Statement of Comprehensive Income as other income.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**

2. ACCOUNTING POLICIES - continued

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Costs include all direct costs and an appropriate proportion of fixed and variable overheads.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of the financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Debtors

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

Creditors

Short term creditors are measured at the transaction price.

Cash and 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 accounts of cash with no significant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

2. ACCOUNTING POLICIES - continued**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17 (d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 17 (2020 - 19) .

4. TANGIBLE FIXED ASSETS

	Improvements to property £	Website development £	Fixtures and fittings £
COST			
At 1 April 2020	74,475	122,181	115,388
Additions	-	15,253	-
At 31 March 2021	<u>74,475</u>	<u>137,434</u>	<u>115,388</u>
DEPRECIATION			
At 1 April 2020	71,485	75,509	105,076
Charge for year	2,990	30,496	5,963
At 31 March 2021	<u>74,475</u>	<u>106,005</u>	<u>111,039</u>
NET BOOK VALUE			
At 31 March 2021	-	31,429	4,349
At 31 March 2020	<u>2,990</u>	<u>46,672</u>	<u>10,312</u>

	Computer software £	Office and computer equipment £	Totals £
COST			
At 1 April 2020	5,375	27,546	344,965
Additions	14,310	1,848	31,411
At 31 March 2021	<u>19,685</u>	<u>29,394</u>	<u>376,376</u>
DEPRECIATION			
At 1 April 2020	5,375	21,344	278,789
Charge for year	2,496	3,998	45,943
At 31 March 2021	<u>7,871</u>	<u>25,342</u>	<u>324,732</u>
NET BOOK VALUE			
At 31 March 2021	<u>11,814</u>	<u>4,052</u>	<u>51,644</u>
At 31 March 2020	-	<u>6,202</u>	<u>66,176</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

5. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
Additions	1,110,352
At 31 March 2021	<u>1,110,352</u>
NET BOOK VALUE	
At 31 March 2021	<u>1,110,352</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Bella Freud Parfum Limited

Registered office: United Kingdom

Nature of business: Development and sale of candles and perfumes

	%
Class of shares:	holding
Ordinary	100.00
Ordinary B	100.00

6. STOCKS

	2021 £	2020 £
Stocks	<u>606,108</u>	<u>877,066</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	98,874	242,745
Other debtors	30,323	51,323
Prepayments	<u>152,506</u>	<u>143,438</u>
	<u>281,703</u>	<u>437,506</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Bank loans and overdrafts	5,833	-
Trade creditors	167,578	326,933
Social security and other taxes	8,830	-
VAT	24,651	13,481
Other creditors	32,567	35,325
Accruals and deferred income	<u>73,023</u>	<u>99,917</u>
	<u>312,482</u>	<u>475,656</u>

During the year, the company obtained a £50,000 Bounce Back Loan as part of the Covid-19 government support to businesses during the pandemic. Interest is payable on the loan at 2.5% per annum over 6 years. The interest payable for the first 12 months is paid by the government. The loan is due to be repaid in 60 monthly instalments commencing 12 months from the drawdown date. The loan is secured by a government backed guarantee.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021 £	2020 £
Bank loans - 2-5 years	44,167	-
Loans	850,000	1,500,000
Loan interest	359,021	432,658
	<u>1,253,188</u>	<u>1,932,658</u>

Amounts falling due in more than five years:

Repayable by instalments		
Loans	850,000	1,500,000
Loan interest	359,021	432,658
	<u>1,209,021</u>	<u>1,932,658</u>

At the balance sheet date, £600,000 (2020: £1,250,000) is owed to Pembroke VCT Plc. Pembroke VCT Plc owns 43% of the ordinary share capital of the company. During the year, Pembroke VCT Plc exchanged £650,000 of debt for additional shares.

Interest outstanding on the loans is charged at rates between 8% and 12% per annum. The amount outstanding in respect of the facility at the year end was £600,000 (2020: £1,250,000) and accrued interest was £307,733 (2020: £411,370).

At the balance sheet date, £250,000 (2020: £250,000) is owed to Peter Dubens, who owns 18% of the ordinary share capital of the company. During the year the loan has accrued interest of £51,288 (2020: £21,288).

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
32,248	Ordinary	0.0001	<u>3</u>	<u>3</u>

During the year the company issued 5,060 Ordinary shares at a premium of £376.43 and also 1,818 Ordinary shares at £357.54.

11. RESERVES

	Retained earnings £	Share premium £	Merger relief reserve £	Totals £
At 1 April 2020	(2,351,730)	1,349,963	-	(1,001,767)
Deficit for the year	(663,020)			(663,020)
Share issue	-	-	1,104,822	1,104,822
Share issue	-	1,449,913	-	1,449,913
At 31 March 2021	<u>(3,014,750)</u>	<u>2,799,876</u>	<u>1,104,822</u>	<u>889,948</u>

On 29 June 2020, the company acquired 100% of the share capital of Bella Freud Parfum Limited by way of a share for share exchange giving rise to the merger relief reserve.

12. RELATED PARTY DISCLOSURES

During the year the company has acquired from its shareholders 100% of share capital of Bella Freud Parfum Limited by way of a share for share exchange for a consideration of £1,104,822. This company was already controlled by a current shareholder of Bella Freud Limited, who is a director of both companies, I L Freud. All three shareholders are existing shareholders in Bella Freud Limited

13. ULTIMATE CONTROLLING PARTY

The company is controlled by I L Freud, a director.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.