

Company registration number: 09693153

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

MALIN + GOETZ LIMITED



MENZIES
BRIGHTER THINKING

MALIN + GOETZ LIMITED

COMPANY INFORMATION

Directors

Brad Horowitz
Andras Szirtes
Helena Sampson

Registered number

09693153

Registered office

3 Assembly Square
Britannia Quay
Cardiff
CF10 4PL

Independent auditors

Menzies LLP
Chartered Accountants & Statutory Auditor
Magna House
18-32 London Road
Staines-Upon-Thames
TW18 4BP

MALIN + GOETZ LIMITED

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MALIN + GOETZ LIMITED

REGISTERED NUMBER:09693153

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 £	1 Jan 2022 £
Fixed assets			
Intangible assets	4	24,855	42,225
Tangible assets	5	754,547	504,807
		<u>779,402</u>	<u>547,032</u>
Current assets			
Stocks		1,559,703	867,092
Debtors: amounts falling due within one year	6	1,466,005	1,099,002
Cash at bank and in hand		199,346	582,372
		<u>3,225,054</u>	<u>2,548,466</u>
Creditors: amounts falling due within one year	7	(6,144,491)	(4,411,911)
Net current liabilities		<u>(2,919,437)</u>	<u>(1,863,445)</u>
Total assets less current liabilities		<u>(2,140,035)</u>	<u>(1,316,413)</u>
Net liabilities		<u>(2,140,035)</u>	<u>(1,316,413)</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		(2,140,036)	(1,316,414)
		<u>(2,140,035)</u>	<u>(1,316,413)</u>

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 income and retained earnings 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 by:

DocuSigned by:

Brad Horowitz

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Brad Horowitz
Director

Date: 29-Jan-2024

The notes on pages 2 to 8 form part of these financial statements.

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Malin + Goetz Limited is a private company limited by shares, incorporated in England & Wales. The address of the registered office is 4th Floor, 385-389 Oxford Street, London, W1C 2NB.

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 financial statements have been prepared on a going concern basis, which assumes the company will continue to trade in operational existence for the foreseeable future.

The Company incurred a net loss in the year totalling £823,622 and net current liabilities of £2,919,437.

The directors have re-visited their forecasts together with wider group information and consider that there are sufficient resources and support available to the Company from the group to settle any amounts due. Consequently, the directors have prepared the accounts on the going concern basis. Given the uncertainty surrounding even the most careful projections, a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern.

The parent company, Malin + Goetz Inc., has confirmed that it will continue to provide financial resources as may be required for the company to meet its financial commitments as they fall due for at least twelve months from the date of approval of these financial statements.

While the balance sheet position shows significant net liabilities as at 31 December 2022, the parent company has confirmed that, as the major creditor of the UK company, it will not demand repayment of the amounts outstanding until such time that the company is able to make repayments without having a detrimental impact on the company.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised by the company in respect of beauty goods supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover is recognised upon dispatch of goods from the warehouse or when a sale is made in store or online.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.7 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 profit or loss 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 independently administered funds.

2.8 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.

All intangible assets are considered to have a finite useful life and are amortised on a straight line basis over this time. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful life of computer software is 4 years as this is the expected economic life of the asset.

2.9 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 property	- over length of the lease
Fixtures and fittings	- 3-5 Years
Computer equipment	- 3-5 Years

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 profit or loss.

2.10 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.11 Financial instruments

The Company only enters into basic financial instrument 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 ordinary shares.

2.12 Invoice discounting

The company maintains an invoice discounting agreement with its banker. The service charges in respect of the facility are recorded in the profit and loss account in the year they are payable. The amounts drawn down on the facility is recognised on the balance sheet as a creditor balance.

3. Employees

The average monthly number of employees, including directors, during the year was 38 (Jan 2022 - 25).

4. Intangible assets

	Computer software £
Cost	
At 1 January 2022	70,841
At 31 December 2022	70,841
Amortisation	
At 1 January 2022	28,616
Charge for the year on owned assets	17,370
At 31 December 2022	45,986
Net book value	
At 31 December 2022	24,855
At 2 January 2021	42,225

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

5. Tangible fixed assets

	Leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	827,913	70,116	39,934	937,963
Additions	297,737	73,914	15,139	386,790
At 31 December 2022	<u>1,125,650</u>	<u>144,030</u>	<u>55,073</u>	<u>1,324,753</u>
Depreciation				
At 1 January 2022	381,289	28,616	23,251	433,156
Charge for the year on owned assets	102,286	22,788	11,976	137,050
At 31 December 2022	<u>483,575</u>	<u>51,404</u>	<u>35,227</u>	<u>570,206</u>
Net book value				
At 31 December 2022	<u>642,075</u>	<u>92,626</u>	<u>19,846</u>	<u>754,547</u>
At 2 January 2021	<u>446,624</u>	<u>41,500</u>	<u>16,683</u>	<u>504,807</u>

6. Debtors

	31 Dec 2022 £	1 Jan 2022 £
Trade debtors	1,019,731	764,454
Amounts owed by group undertakings	214,673	193,148
Other debtors	98,776	49,465
Prepayments and accrued income	132,825	91,935
	<u>1,466,005</u>	<u>1,099,002</u>

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

7. Creditors: Amounts falling due within one year

	31 Dec 2022 £	1 Jan 2022 £
Trade creditors	318,086	209,471
Amounts owed to group undertakings	5,276,786	3,711,563
Other taxation and social security	94,722	213,150
Other creditors	350,102	107,014
Accruals and deferred income	104,795	170,713
	6,144,491	4,411,911

Included within other creditors are amounts of £344,829 (1 Jan 2022 - £102,014) which relate to the invoice discounting agreement explained in Note 2.12 and secured against the relevant trade debtors. This facility has not been drawn down in excess of the available balance at the year end.

8. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	31 Dec 2022 £	1 Jan 2022 £
Not later than 1 year	428,100	358,100
Later than 1 year and not later than 5 years	782,990	814,990
	1,211,090	1,173,090

9. Parent company

The parent company of the smallest group for which consolidated financial statements are drawn up is Malin + Goetz Inc, a company registered in the USA. The address of the registered office is 330 Seventh Ave, New York, New York 10001.

MALIN + GOETZ LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

10. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2022 gave an unmodified opinion, however a material uncertainty relating to going concern was identified and reported as follows:

We draw attention to note 2.2 in the financial statements, which indicates that the company incurred a net loss of £823,622 during the period to 31 December 2022 and has net current liabilities of £2,919,437 at that date. In addition the company owed its parent entity £5,276,786 and remains reliant on its parent entity for continuing working capital support.

As stated in note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

The audit report was signed by Andrew Cook FCA (Senior statutory auditor) for and on behalf of Menzies LLP, Chartered Accountants and Statutory Auditor.