

Cabi Experience, Ltd.

Registered number: 10091265

Annual report and the financial statements

For the year ended 31 December 2019



CABI EXPERIENCE, LTD.

COMPANY INFORMATION

Directors	B L Ripperger K Malone K Inskeep
Registered number	10091265
Registered office	Highlands House Basingstoke Road Spencers Road Reading United Kingdom RG7 1NT
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor Tower Bridge House St Katharine's Way London E1W 1DD

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DIRECTORS' REPORT
For the Year Ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019.

The prior period comparatives are for the 9-month period ended 31 December 2018 after the directors shortened the accounting period from 31 March to 31 December to align with that of its parent group.

Principal activity

The Company's principal activity is the sale of women's apparel, accessories, and related products which are sold directly to consumers through an independent sales force.

Directors

The directors who served during the year and to the date of this report were:

B L Ripperger
K Inskeep
D A Waddell (appointed 11 May 2019, resigned 5 June 2020)
L C Meredith (resigned 5 August 2019)
K Malone (appointed 5 June 2020)
A K Pedersen (resigned 10 May 2019)

Results and dividends

The loss for the year, after taxation, amounted to £485,447 (9 months ended 31 December 2018 restated: loss of £171,128).

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (9 months ended 31 December 2018 restated: £nil).

Going concern

During the initial trading period, the directors have utilised inter-company borrowings from the ultimate parent group to provide working capital and cover initial costs incurred. The directors have received assurances from the parent group that adequate continued lending will be made available to the Company to enable it to continue to trade in the UK market for the foreseeable future, and at least for the 12 months following the date of approval of these financial statements. Further details are in Note 2.2.

The withdrawal of the United Kingdom from the European Union

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. In general, tariffs and quotas on trade have not been introduced, although administrative complications and regulatory restrictions have reduced the freedom of cross-border trade. The Company is carefully monitoring the practical application of the new trading arrangements by regulatory authorities, to better understand what the eventual impact on its business will be. The process of determining these effects is ongoing, and has also been delayed by the suspension of certain sectors of economic activity in response to the COVID-19 pandemic.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2019

Coronavirus and the COVID-19 pandemic

The COVID-19 pandemic continues to affect the UK and global economies adversely. At the time of signing this report there are indications from the government that social restrictions which have suppressed economic activity during 2020 and 2021 are likely to be lifted in the foreseeable future. If this does happen the directors expect to see the UK and global economies return to growth in due course, but it is not possible to predict how quickly and to what degree this may happen. The priorities of the directors remain to comply with all regulatory requirements to the fullest extent possible, and to maintain the safety and well-being of the Company's personnel.

Post balance sheet events

Between the year end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally. For more detail regarding the directors' view of this event please refer to the disclosure above. The COVID-19 pandemic is deemed to be a non-adjusting event.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

CABI EXPERIENCE, LTD.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 December 2019

Auditor

During the year, Mazars LLP was appointed as auditor. The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



B L Ripperger
Director

Date: May 7, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABI EXPERIENCE, LTD.

Opinion

We have audited the financial statements of Cabi Experience, Ltd. (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss 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.

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

Emphasis of matter: Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the Company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 1, and the consideration in the going concern basis of preparation on page 11 and non-adjusting post balance sheet events on page 14.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19. The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the Group and Parent Company's trade, customers, suppliers and the wider economy.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABI EXPERIENCE, LTD.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

CABI EXPERIENCE, LTD.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CABI EXPERIENCE, LTD.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Yuwan Deena (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 7 May 2021

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 £000	As restated 9 months to 31 December 2018 £000
Turnover		928	780
Cost of sales		(488)	(365)
Gross profit		<u>440</u>	<u>415</u>
Distribution costs		(680)	(418)
Administrative expenses		(216)	(145)
Other operating expense		(29)	-
Operating loss		<u>(485)</u>	<u>(148)</u>
Interest payable and expenses		-	(23)
Loss before tax		<u>(485)</u>	<u>(171)</u>
Tax on loss		-	-
Loss for the financial year		<u>(485)</u>	<u>(171)</u>
Other comprehensive income		-	-
Total comprehensive loss for the year		<u>(485)</u>	<u>(171)</u>

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 10 to 15 form part of these financial statements.

CABI EXPERIENCE, LTD.
Registered number: 10091265

STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	As at 31 December 2019 £000	As restated at 31 December 2018 £000
Current assets			
Debtors: amounts falling due within one year	6	36	6
Bank and cash balances		157	475
		<u>193</u>	<u>481</u>
Creditors: amounts falling due within one year	7	(1,444)	(1,247)
Net current liabilities		<u>(1,251)</u>	<u>(766)</u>
Total assets less current liabilities		<u>(1,251)</u>	<u>(766)</u>
Net liabilities		<u>(1,251)</u>	<u>(766)</u>
Capital and reserves			
Share capital	8	-	-
Profit and loss account		(1,251)	(766)
Total equity		<u>(1,251)</u>	<u>(766)</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 were approved and authorised for issue by the board and were signed on its behalf by:



B L Ripperger
Director

Date: May 7, 2021

The notes on pages 10 to 15 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2019

	Share capital £000	Profit and loss account £000	Total equity £000
At 31 March 2018 (as previously stated)	-	(560)	(560)
Prior year adjustment (note 2.2)	-	(35)	(35)
	-	(595)	(595)
At 31 March 2018 (as restated)			
Comprehensive loss for the period			
Loss for the period (restated)	-	(171)	(171)
Total comprehensive loss for the period	-	(171)	(171)
At 1 January 2019 (as previously stated)	-	(705)	(705)
Prior year adjustment (note 2.2)	-	(61)	(61)
	-	(766)	(766)
At 1 January 2019 (as restated)			
Comprehensive loss for the year			
Loss for the year	-	(485)	(485)
Total comprehensive loss for the year	-	(485)	(485)
At 31 December 2019	-	(1,251)	(1,251)

The notes on pages 10 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

1. General information

Cabi Experience, Ltd (the "Company"), is a company incorporated in Great Britain and registered in England and Wales, with registration number 10091265. The registered office is Highlands House, Basingstoke Road, Spencers Wood, Reading, RG7 1NT.

The Company's principal activity is the sale of women's apparel, accessories, and related products which are sold directly to consumers through an independent sales force.

The prior period comparatives are for the 9-month period ended 31 December 2018 after the directors shortened the accounting period from 31 March to 31 December to align with that of its parent group.

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the Company operates, and are currently rounded to the nearest thousand pounds.

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 Prior year adjustment

The prior year adjustment relates to the error in calculating the VAT amounts on invoices which dated back to 2016. This resulted in error of prior year opening and closing VAT balances.

The impact on retained earnings at 31 March 2018 was £34,928, there was a decrease in profit of £26,128 for the 9 months ended 31 December 2018, being a reduction of turnover, and an increase in the VAT liability of £61,056. For further detail please refer to the statement of changes in equity on page 9.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

Notwithstanding net current liabilities of £1,251,642 as at 31 December 2019 (9 month period ended 31 December 2018 restated: £766,056) and a loss for the year then ended of £485,447 (2018 restated: £171,128), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have considered 12 months from the date of approval of these financial statements and the company will have sufficient funds, through funding from its ultimate parent company, Cabi Holding Co., LLC to meet its liabilities as they fall due for that period.

The above conclusion is dependent on Cabi Holding Co., LLC providing additional financial support during that period. Cabi Holding Co., LLC has indicated its intention to continue to make available such funds as are needed by the company for at least the next 12 months.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

2.4 Revenue

The Company recognises revenue upon the shipment and delivery of merchandise to its customers. Product sales are recognised net of product returns and discounts referred to as "hostess allowances." Net sales include product sales and shipping and handling revenue. Shipping and handling costs paid by the Company are recorded as shipping expense.

The Company generally receives the net sales price in cash or through credit card payments at the point of sale. The Company includes value added taxes collected from customers and to be remitted to government agencies within sales tax payable.

2.5 Interest payable and expenses

Finance costs are charged to the Statement of Comprehensive Income 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.

2.6 Taxation

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

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Cash and cash equivalents

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

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 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 and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Reserve for Returns

The Company records a reserve for customer returns based on historical experience for the Parent company's operations in Canada and the United States. The company periodically reviews the reserve for returns against actual customer returns and adjusts the reserve accordingly.

4. Auditor's remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>32</u>	<u>32</u>

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2018: nil).

6. Debtors

	2019 £000	2018 £000
Trade debtors	10	2
Prepayments and accrued income	26	4
	<u>36</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

7. Creditors: Amounts falling due within one year

	2019	As restated
	£000	2018
		£000
Trade creditors	7	-
Amounts owed to group undertakings	1,276	1,063
Other taxation and social security	41	61
Other creditors	2	46
Accruals and deferred income	118	77
	<u>1,444</u>	<u>1,247</u>

The Company has a loan with Cabi LLC, a related party, which accrued interest of 0% (31 December 2018: 0%) per annum. Loan interest of £nil (31 December 2018: £nil) has been recognised in the Statement of Comprehensive Income for the period ended 31 December 2019. This loan does not carry fixed terms of repayment, but the parent group company has indicated its intention to provide the necessary financial resources to enable the Company to continue to meet its liabilities for the foreseeable future.

8. Share capital

	2019	2018
	£000	£000
Allotted, called up and fully paid		
10,000 (2018: 10,000) Ordinary shares of £0.01 each	-	-

Ordinary shares entitle each holder to one voting right and no right to fixed income.

9. Related party transactions

The Company has taken advantage of the exemptions conferred by Financial Reporting Standard 102 section 33 and consequently has not disclosed details of transactions with fellow subsidiary entities.

10. Post balance sheet events

Between the year end and the date of this report, Coronavirus and the COVID-19 pandemic emerged globally. For more detail regarding the directors' view of this event please refer to the Directors' report. This is deemed to be a non-adjusting post balance sheet event.

CABI EXPERIENCE, LTD.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2019

11. Controlling party

Cabi Holdings Cooperatief U.A., a company incorporated in the Netherlands; is the immediate parent company. Cabi Holding Co., LLC is the parent company of the smallest and largest group of which the Company is a member and for which group financial statements are drawn up. Copies of the consolidated group financial statements are available from 21750 Arnold Center Road, Carson, California 90810.