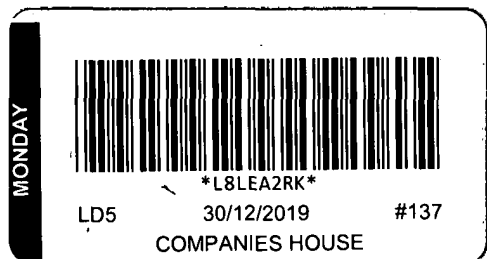


**FOAM AND SUBSTANCE LIMITED**

**UNAUDITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**



**FOAM AND SUBSTANCE LIMITED**

**COMPANY INFORMATION**

**DIRECTORS**

A Mansbridge  
J De Raaij  
V Minore (resigned 14 September 2018)  
J Tonkin  
P Sjolander

**REGISTERED NUMBER**

09443258

**REGISTERED OFFICE**

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

**ACCOUNTANTS**

Rawlinson & Hunter  
Chartered Accountants  
Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

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**FOAM AND SUBSTANCE LIMITED**

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## FOAM AND SUBSTANCE LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

#### 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 judgments 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;
- 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.

#### PRINCIPAL ACTIVITY

The company's principal activity is that of an incubator of new brands.

#### DIRECTORS

The directors who served during the year were:

A Mansbridge  
J De Raaij  
V Minore (resigned 14 September 2018)  
J Tonkin  
P Sjolander

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**FOAM AND SUBSTANCE LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**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.



**J De Raaij**  
Director  
Date: 19/12/2019

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**FOAM AND SUBSTANCE LIMITED**

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**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF  
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF FOAM AND SUBSTANCE LIMITED  
FOR THE YEAR ENDED 31 MARCH 2019**

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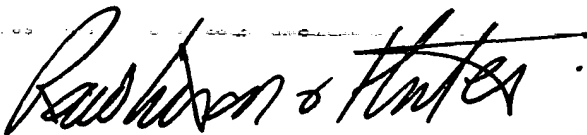
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Foam and Substance Limited for the year ended 31 March 2019 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of Directors of Foam and Substance Limited, as a body, in accordance with the terms of our engagement letter dated 9 September 2015. Our work has been undertaken solely to prepare for your approval the financial statements of Foam and Substance Limited and state those matters that we have agreed to state to the Board of Directors of Foam and Substance Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Foam and Substance Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Foam and Substance Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Foam and Substance Limited. You consider that Foam and Substance Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Foam and Substance Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



**Rawlinson & Hunter**

Chartered Accountants

Eighth Floor  
6 New Street Square  
New Fetter Lane  
London  
EC4A 3AQ

Date:

23 December 2019

# FOAM AND SUBSTANCE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Administrative expenses		(2,498,539)	(1,573,452)
Other operating income	4	2,550,088	1,858,778
<b>OPERATING PROFIT</b>	5	<b>51,549</b>	<b>285,326</b>
Interest receivable and similar income		964,894	-
Interest payable and similar expenses		(964,894)	-
<b>PROFIT BEFORE TAX</b>		<b>51,549</b>	<b>285,326</b>
Tax on profit	8	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>51,549</b>	<b>285,326</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

The notes on pages 9 to 22 form part of these financial statements.

**FOAM AND SUBSTANCE LIMITED**  
**REGISTERED NUMBER: 09443258**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	10	45,005	87,470
Investments	11	181,000	188,000
		<u>226,005</u>	<u>275,470</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	12	22,131,443	14,018,326
Cash at bank and in hand	13	2,717,698	1,811,823
		<u>24,849,141</u>	<u>15,830,149</u>
Creditors: amounts falling due within one year	14	(24,538,892)	(15,620,914)
<b>NET CURRENT ASSETS</b>		<u>310,249</u>	<u>209,235</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>536,254</u>	<u>484,705</u>
<b>NET ASSETS</b>		<u><u>536,254</u></u>	<u><u>484,705</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	100,000	100,000
Profit and loss account	17	436,254	384,705
		<u>536,254</u>	<u>484,705</u>



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**FOAM AND SUBSTANCE LIMITED**  
**REGISTERED NUMBER: 09443258**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MARCH 2019**

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

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

The company's financial statements have been prepared in accordance with the 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:



**J De Raaij**

Director

Date:

19/12/2019

The notes on pages 9 to 22 form part of these financial statements.

# FOAM AND SUBSTANCE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	100,000	384,705	484,705
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	51,549	51,549
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	51,549	51,549
<b>AT 31 MARCH 2019</b>	<b>100,000</b>	<b>436,254</b>	<b>536,254</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	100,000	99,379	199,379
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	285,326	285,326
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	285,326	285,326
<b>AT 31 MARCH 2018</b>	<b>100,000</b>	<b>384,705</b>	<b>484,705</b>

The notes on pages 9 to 22 form part of these financial statements.

# FOAM AND SUBSTANCE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	51,549	285,326
<b>ADJUSTMENTS FOR:</b>		
Amortisation of intangible assets	-	7,996
Depreciation of tangible assets	47,759	46,336
Impairments of fixed assets	-	1
Decrease in debtors	129,529	1,850
(Increase) in amounts owed by group undertakings	(8,231,646)	(6,325,414)
(Decrease) in creditors	(123,122)	(22,162)
Increase in amounts owed to groups	964,894	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(7,161,037)</b>	<b>(6,006,067)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(5,294)	(15,131)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(5,294)</b>	<b>(15,131)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Other new loans	8,072,206	5,696,873
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>8,072,206</b>	<b>5,696,873</b>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>905,875</b>	<b>(324,325)</b>
Cash and cash equivalents at beginning of year	1,811,823	2,136,148
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>2,717,698</b>	<b>1,811,823</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	2,717,698	1,811,823
	<b>2,717,698</b>	<b>1,811,823</b>

The notes on pages 9 to 22 form part of these financial statements.

## FOAM AND SUBSTANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1. GENERAL INFORMATION

Foam and Substance Limited is a private company incorporated and domiciled in England and Wales. The company's registration number is 09443258 and the address of the registered office is Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ.

#### 2. ACCOUNTING POLICIES

##### 2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102") and the Companies Act 2006.

The company has not prepared consolidated financial statements as the group headed by it qualifies as a small group.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

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 continued support of the ultimate controlling party, which the directors expect to be in place for the foreseeable future and at least twelve months from the date of signing of these financial statements. Accordingly they consider adoption of the going concern basis to be appropriate.

##### 2.3 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

##### 2.4 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.4 TANGIBLE FIXED ASSETS (CONTINUED)**

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.

The estimated useful lives range as follows:

Fixtures and fittings	- 5 years
Computer equipment	- 3 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 the Profit and Loss Account.

**2.5 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment, if any.

**2.6 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.

**2.7 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**2.8 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.

**2.9 BORROWING COSTS**

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.10 FINANCIAL INSTRUMENTS

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at the 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 financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Profit and Loss Account.

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 balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 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 the Profit and Loss Account.

**2.12 FINANCE COSTS**

Finance costs are charged to the Profit and Loss Account 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.

**2.13 PENSIONS**

**DEFINED CONTRIBUTION PENSION PLAN**

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

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.14 INTEREST INCOME**

Interest income is recognised in the Profit and Loss Account using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.15 RESEARCH AND DEVELOPMENT**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the financial statements, management has to make judgements on how to apply the company's accounting policies and make estimates about the future. The critical judgements that have been made in arriving at the amounts recognised in the financial statements and the key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are discussed below:

**Estimated useful lives of tangible and intangible fixed assets**

Fixed assets are depreciated or amortised over their useful lives taking into account residual values where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing the asset lives, factors such as technological innovation, product life cycles, maintenance programmes and contractual or other legal rights are taken into account. Residual values consider such things as future market conditions, the remaining life of the asset and projected disposal values.

**Investments in subsidiaries**

The company makes an estimate of the recoverable value of fixed asset investments. When assessing impairment of investments, management considers factors including the expected future performance of the investment, expected future cash flows from the investment and the prevailing economic environment, in particular as relates to the market sector and geographical location of the investment's principal operations.

**4. OTHER OPERATING INCOME**

	2019 £	2018 £
Recharged expenses	<u>2,550,088</u>	<u>1,858,778</u>

Other operating income relates to expenses recharged to group undertakings inclusive of a 5% mark-up.



# FOAM AND SUBSTANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Research and development charged as an expense	3,155	-
Exchange differences	82,751	(202,717)
Depreciation of tangible fixed assets	47,759	46,336
Amortisation of intangible fixed assets	-	7,996
Defined contribution pension costs	30,571	23,538
	<u>30,571</u>	<u>23,538</u>

### 6. EMPLOYEES

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Administration	6	5
Sales and operations	-	1
Research and development	1	1
	<u>7</u>	<u>7</u>

### 7. DIRECTORS' REMUNERATION

	2019 £	2018 £
Directors' emoluments	274,881	368,744
Company contributions to defined contribution pension schemes	-	2,964
	<u>274,881</u>	<u>371,708</u>

Directors' emoluments are either paid directly by the company or incurred by FitFlop Limited and recharged to the company (see note 20).

In addition to the above, consultancy fees of £324,059 (2018 - £46,000) were paid to directors during the year.

The highest paid director received remuneration of £274,881 (2018 - £207,104) during the year.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**8. TAXATION**

	2019 £	2018 £
Current tax on profit for the year/period	-	-
<b>TOTAL CURRENT TAX</b>	<b>-</b>	<b>-</b>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<b>51,549</b>	285,326
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	<b>9,794</b>	54,212
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes	611	1,834
Deferred tax not recognised	4,742	18,424
Group relief claimed	(15,147)	(74,470)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>-</b>	<b>-</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The main rate of corporation tax in the UK changed from 20% to 19% effective from 1 April 2017.

It was announced in the 2016 Budget that the rate of UK corporation tax will reduce to 17% effective from 1 April 2020.

**FOAM AND SUBSTANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**9. INTANGIBLE ASSETS**

	<b>Trademarks £</b>
<b>COST</b>	
At 1 April 2018	<b>39,820</b>
At 31 March 2019	<b>39,820</b>
<b>AMORTISATION</b>	
At 1 April 2018	<b>39,820</b>
At 31 March 2019	<b>39,820</b>
<b>NET BOOK VALUE</b>	
At 31 March 2019	-
At 31 March 2018	-

**FOAM AND SUBSTANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**10. TANGIBLE FIXED ASSETS**

	Fixtures and fittings £	Computer equipment £	Total £
<b>COST</b>			
At 1 April 2018	37,831	120,912	158,743
Additions	-	5,294	5,294
At 31 March 2019	<u>37,831</u>	<u>126,206</u>	<u>164,037</u>
<b>DEPRECIATION</b>			
At 1 April 2018	12,090	59,183	71,273
Charge for the year on owned assets	7,566	40,193	47,759
At 31 March 2019	<u>19,656</u>	<u>99,376</u>	<u>119,032</u>
<b>NET BOOK VALUE</b>			
At 31 March 2019	<u>18,175</u>	<u>26,830</u>	<u>45,005</u>
At 31 March 2018	<u>25,741</u>	<u>61,729</u>	<u>87,470</u>

**FOAM AND SUBSTANCE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**11. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>COST</b>	
At 1 April 2018	188,001
Additions	4,000
Disposals	(11,001)
	<hr/>
At 31 March 2019	181,000
 At 1 April 2018	 1
Impairment on disposals	(1)
	<hr/>
At 31 March 2019	-
	<hr/>
 <b>NET BOOK VALUE</b>	
	<hr/>
At 31 March 2019	181,000
	<hr/>
At 31 March 2018	188,000
	<hr/>

See Note 22 for details of the company's subsidiary undertakings.

**12. DEBTORS**

	2019 £	2018 £
Amounts owed by group undertakings (note 20)	22,076,451	13,844,805
Other debtors	33,427	27,669
Prepayments and accrued income	21,565	145,852
	<hr/>	<hr/>
	22,131,443	14,018,326
	<hr/>	<hr/>

The amounts owed by group undertakings incur interest at 2.5% + LIBOR, are unsecured and repayable on demand.

# FOAM AND SUBSTANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 13. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at bank and in hand	<u>2,717,698</u>	<u>1,811,823</u>

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other loans (note 20)	24,281,276	15,244,176
Trade creditors	67,385	263,058
Other taxation and social security	16,801	25,777
Other creditors	3,283	5,338
Accruals	170,147	82,565
	<u>24,538,892</u>	<u>15,620,914</u>

The other loans incur interest at 2.5% + LIBOR, are unsecured and repayable on demand.

### 15. FINANCIAL INSTRUMENTS

	2019 £	2018 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	2,717,698	1,811,823
Financial assets measured at amortised cost	22,109,878	13,872,474
	<u>24,827,576</u>	<u>15,684,297</u>

#### FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost	<u>(24,522,091)</u>	<u>(15,595,137)</u>
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Financial assets measured at fair value through profit or loss comprise of cash at bank and in hand.

Financial assets measured at amortised cost comprise of amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of other loans, trade creditors, other creditors and accruals.

# FOAM AND SUBSTANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 16. SHARE CAPITAL

	2019 £	2018 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
100,000 (2018 - 100,000) Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

### 17. RESERVES

#### Profit and loss account

The Profit and Loss Account represents cumulative profits and losses net of dividends and other adjustments.

### 18. PENSION COMMITMENTS

The company makes contributions to a defined contribution pension plan operated for its employees. The assets of the defined contribution pension plan are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £30,571 (2018 - £23,538). There were £3,283 (2018 - £5,337) of contributions outstanding at the year end.

### 19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	108,148	153,000
Later than 1 year and not later than 5 years	-	108,148
	<u>108,148</u>	<u>261,148</u>

## FOAM AND SUBSTANCE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 20. RELATED PARTY TRANSACTIONS

At 31 March 2019, Soaper Duper Limited, Beauty Pie Limited and Beauty Pie USA, Inc., all subsidiary undertakings, owed the company £3,372,674 (2018 - £2,111,550), £18,542,288 (2018 - £11,732,885) and £161,489 (2018 - £370) respectively. During the year, interest of £164,816 (2018 - £nil), £797,790 (2018 - £nil) and £2,288 (2018 - £nil) was charged to Soaper Duper Limited, Beauty Pie Limited and Beauty Pie USA, Inc. respectively at a rate of 2.5% + LIBOR.

During the year, the company recharged expenses of £331,743 (2018 - £213,208) and £2,218,346 (2018 - £1,645,570) inclusive of a 5% mark-up, to Soaper Duper Limited and Beauty Pie Limited respectively.

Other loans includes a loan of £24,281,276 (2018 - £15,104,518) from The R&H Trust Company Ltd as Trustee of the Pie Trust, which is the ultimate controlling party, and a loan of £Nil (2018 - £139,658) from FitFlop Limited, a company of which J Tonkin is also a director. Also included within trade creditors is an amount due to FitFlop Limited of £Nil (2018 - £128,444). During the year, interest of £964,894 (2018 - £nil) was charged by The R&H Trust Company Ltd as Trustee of the Pie Trust.

During the year, the company was recharged expenses totalling £234,984 (2018 - £169,588), with a mark-up of £21,150 (2018 - £16,959), by FitFlop Limited. The company was also recharged expenses of £7,067 (2018 - £26,107) on which no mark-up was applied.

#### 21. CONTROLLING PARTY

The ultimate controlling party is The R&H Trust Company as Trustee of the Pie Trust, the sole shareholder of the company. The R&H Trust Company Limited is incorporated in the Cayman Islands.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**22. SUBSIDIARY UNDERTAKINGS**

The following companies, which all have the same registered office as the company, were subsidiary undertakings of the company:

<b>Name</b>	<b>Class of shares</b>	<b>Holding</b>	<b>Principal activity</b>
Beauty Pie Limited	A	100 %	Develop and sell own branded beauty
Beauty Pie Limited	B	35 %	products
Soaper Duper Limited	A	100 %	Develop and licence own branded bath and
Soaper Duper Limited	B	60 %	body products
Beauty Pie USA, Inc.	Ordinary	100 %	Sell own branded beauty products

All of the above shareholdings are directly held except for Beauty Pie USA, Inc., which is held by Beauty Pie Limited.

The A shares confer on the holders the right to attend and vote at general meetings of the relevant company. The B shares do not entitle the holders to voting rights nor confer on the holders any right to receive notice of or to attend and vote at any general meetings of the relevant company.

The aggregate of the share capital and reserves as at 31 March 2019 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	<b>Aggregate of share capital and reserves</b>	<b>Profit/(loss)</b>
	<b>£</b>	<b>£</b>
Beauty Pie Limited	(13,920,052)	(5,780,652)
Soaper Duper Limited	(2,817,795)	(913,397)
Beauty Pie USA, Inc.	(293,543)	44,414
	<b>(17,031,390)</b>	<b>(6,649,635)</b>