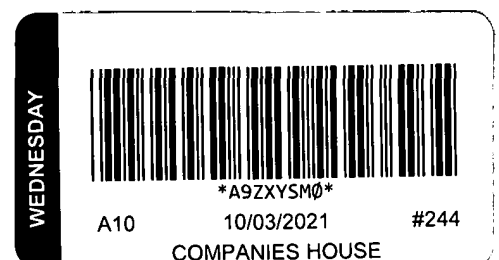

FOAM AND SUBSTANCE LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020



FOAM AND SUBSTANCE LIMITED

COMPANY INFORMATION

DIRECTORS

A Mansbridge
J De Raaij
J Tonkin
P Sjolander (resigned 31 December 2019)

REGISTERED NUMBER

09443258

REGISTERED OFFICE

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

ACCOUNTANTS

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

FOAM AND SUBSTANCE LIMITED

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FOAM AND SUBSTANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

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 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.

COVID-19

The Covid-19 pandemic that has taken hold in the UK will undoubtedly have an effect on all companies in a wide ranging manner, potentially affecting their operational capability, liquidity and financial position. The directors have considered the implications of this and have put in place business continuity plans that should allow the company and group to continue in operation. However, we are still at an early stage of this pandemic and conditions are constantly evolving. Accordingly, we are unable to assess the full potential impact and are keeping the matter under continuous review.

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
J Tonkin
P Sjolander (resigned 31 December 2019)

FOAM AND SUBSTANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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: 20/1/2021

FOAM AND SUBSTANCE LIMITED

**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 2020**

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 2020 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.

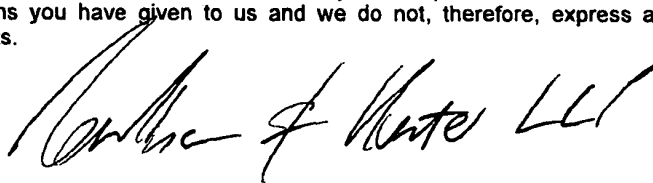
As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

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 23 April 2020. 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 LLP
Chartered Accountants
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ
Date:



20 January 2021

FOAM AND SUBSTANCE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Administrative expenses		(2,011,491)	(2,498,539)
Other operating income	4	2,606,835	2,550,088
OPERATING PROFIT	5	595,344	51,549
Interest receivable and similar income		533,018	964,894
Interest payable and similar expenses		(406,137)	(964,894)
PROFIT BEFORE TAX		722,225	51,549
Tax on profit	8	(11,739)	-
PROFIT FOR THE FINANCIAL YEAR		710,486	51,549

There were no recognised gains and losses for 2020 or 2019 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 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	10	77,014	45,005
Investments	11	96,000	181,000
		<u>173,014</u>	<u>226,005</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	5,002,936	22,131,443
Cash at bank and in hand	13	152,882	2,717,698
		<u>5,155,818</u>	<u>24,849,141</u>
Creditors: amounts falling due within one year	14	(4,171,092)	(24,538,892)
NET CURRENT ASSETS		<u>984,726</u>	<u>310,249</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,157,740</u>	<u>536,254</u>
NET ASSETS		<u>1,157,740</u>	<u>536,254</u>
CAPITAL AND RESERVES			
Called up share capital	16	100,000	100,000
Profit and loss account	17	1,057,740	436,254
		<u>1,157,740</u>	<u>536,254</u>

FOAM AND SUBSTANCE LIMITED
REGISTERED NUMBER: 09443258

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2020

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 the 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: 20/1/2021

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 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2019	100,000	436,254	536,254
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	710,486	710,486
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	710,486	710,486
Dividends: Equity capital	-	(89,000)	(89,000)
AT 31 MARCH 2020	100,000	1,057,740	1,157,740

**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
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	51,549	51,549
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	51,549	51,549
AT 31 MARCH 2019	100,000	436,254	536,254

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 2020**

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	710,486	51,549
ADJUSTMENTS FOR:		
Depreciation of tangible assets	62,178	47,759
Taxation charge	11,739	-
(Increase)/decrease in debtors	(459,355)	129,529
Decrease/(increase) in amounts owed by group undertakings	18,302,339	(7,266,752)
Increase in amounts owed by entities under common control	(718,477)	-
Increase/(decrease) in creditors	139,461	(123,122)
Increase in amounts owed to entities under common control	544,614	-
Decrease in other loans	(21,063,614)	-
NET CASH USED IN OPERATING ACTIVITIES	(2,470,629)	(7,161,037)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(94,187)	(5,294)
NET CASH USED IN INVESTING ACTIVITIES	(94,187)	(5,294)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other new loans	-	8,072,206
NET CASH GENERATED FROM FINANCING ACTIVITIES	-	8,072,206
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,564,816)	905,875
Cash and cash equivalents at beginning of year	2,717,698	1,811,823
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	152,882	2,717,698
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	152,882	2,717,698
	152,882	2,717,698

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 2020**

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 Covid-19 pandemic has created operational and financial pressures on the company. The directors have assessed the company's financial position and resources and believe that the company is well placed to manage its business risks. The directors expect the continued support of the ultimate controlling party for the foreseeable future and for at least twelve months from the date of signing of these financial statements. Accordingly the directors consider the adoption of the going concern basis in preparing these financial statements is 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.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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-derivative instruments that are equity to the issuer 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.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.14 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.

2.15 INTEREST INCOME

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

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.16 TAXATION

Tax is recognised in the Profit and Loss Account, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.17 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.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. OTHER OPERATING INCOME

	2020 £	2019 £
Recharged expenses	2,564,779	2,550,088
Sundry income	6,800	-
Profit on disposal of intangible assets	35,256	-
	<u>2,564,779</u>	<u>2,550,088</u>

Other operating income relates to expenses recharged to group undertakings and to entities under common control inclusive of a 5% mark-up.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £	2019 £
Research and development charged as an expense	3,118	3,155
Exchange differences	21,479	82,751
Depreciation of tangible fixed assets	62,178	47,759
Defined contribution pension costs	27,082	30,571
	<u>113,857</u>	<u>164,236</u>

6. EMPLOYEES

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

	2020 No.	2019 No.
Administration	5	6
Research and development	2	1
	<u>7</u>	<u>7</u>

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. DIRECTORS' REMUNERATION

	2020 £	2019 £
Directors' emoluments	-	274,881
	-	274,881
	-	274,881

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 £146,271 (2019 - £324,059) were paid to directors during the year.

The highest paid director received remuneration of £Nil (2019 - £274,881) during the year.

8. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on profit for the year/period	-	-
Adjustments in respect of previous periods	11,739	-
TOTAL CURRENT TAX	11,739	-

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	722,225	51,549
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	137,223	9,794
EFFECTS OF:		
Expenses not deductible for tax purposes	2,721	611
Income not taxable for tax purposes	(6,699)	-
Adjustments to tax charge in respect of prior periods	11,739	-
Remeasurement of deferred tax for changes in tax rates	(1,190)	-
Deferred tax not recognised	(12,507)	4,742
Group relief claimed	(119,548)	(15,147)
TOTAL TAX CHARGE FOR THE YEAR	11,739	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020 and this change was substantively enacted on 17 March 2020. This will increase the company's future tax charge accordingly.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. INTANGIBLE ASSETS

	Trademarks £
COST	
At 1 April 2019	39,820
Disposals	(35,256)
	4,564
At 31 March 2020	4,564
AMORTISATION	
At 1 April 2019	39,820
On disposals	(35,256)
	4,564
At 31 March 2020	4,564
NET BOOK VALUE	
At 31 March 2020	-
At 31 March 2019	-

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
COST			
At 1 April 2019	37,831	126,206	164,037
Additions	32,771	61,416	94,187
Disposals	(31,041)	(17,294)	(48,335)
At 31 March 2020	39,561	170,328	209,889
DEPRECIATION			
At 1 April 2019	19,656	99,376	119,032
Charge for the year on owned assets	28,479	33,699	62,178
Disposals	(31,041)	(17,294)	(48,335)
At 31 March 2020	17,094	115,781	132,875
NET BOOK VALUE			
At 31 March 2020	22,467	54,547	77,014
At 31 March 2019	18,175	26,830	45,005

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 April 2019	181,000
Additions	4,000
Disposals	(89,000)
	96,000
 NET BOOK VALUE	
At 31 March 2020	96,000
At 31 March 2019	181,000

SUBSIDIARY UNDERTAKING

The following was a subsidiary undertaking of the company:

Name	Registered office	Class of shares	Holding
Soaper Duper Limited	Eighth Floor, 6 New Street Square, New Fetter Lane, London, EC4A 3AQ	A	100%

In addition to the above holding, the company held 60% of the issued B shares and 100% of the issued C shares. All of the shareholdings were directly held.

The A shares confer on the holders the right to attend and vote at general meetings of the relevant company. The B and C 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 2020 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit/(Loss)
Soaper Duper Limited	(3,554,004)	(736,209)

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

12. DEBTORS

	2020 £	2019 £
Trade debtors	5,000	-
Amounts owed by group undertakings (note 20)	3,774,112	22,076,451
Amounts owed by entities under common control	718,477	-
Other debtors	380,046	33,427
Prepayments and accrued income	125,301	21,565
	<u>5,002,936</u>	<u>22,131,443</u>

Amounts owed by group undertakings and by entities under common control incur interest at 2.5% + LIBOR, are unsecured and repayable on demand.

13. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	<u>152,882</u>	<u>2,717,698</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Other loans (note 20)	3,217,662	24,281,276
Trade creditors	168,474	67,385
Amounts owed to entities under common control	544,614	-
Corporation tax	11,739	-
Other taxation and social security	33,854	16,801
Other creditors	92,191	3,283
Accruals and deferred income	102,558	170,147
	<u>4,171,092</u>	<u>24,538,892</u>

The other loans are unsecured, repayable on demand and incurred interest at 2.5% + LIBOR until 19 November 2019, when interest ceased being incurred. Amounts owed to entities under common control are interest free, unsecured and repayable on demand.

FOAM AND SUBSTANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	152,882	2,717,698
Financial assets measured at amortised cost	4,877,635	22,109,878
	5,030,517	24,827,576
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(4,125,499)	(24,522,091)

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 trade debtors, amounts owed by group undertakings, amounts owed by entities under common control and other debtors.

Financial liabilities measured at amortised cost comprise of other loans, trade creditors, amounts owed to entities under common control, other creditors and accruals.

16. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
100,000 (2019 - 100,000) Ordinary shares of £1.00 each	100,000	100,000

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 £27,082 (2019 - £30,571). There were £3,191 (2019 - £3,283) of contributions outstanding at the year end.

FOAM AND SUBSTANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	600,000	108,148
Later than 1 year and not later than 5 years	350,000	-
	950,000	108,148

20. RELATED PARTY TRANSACTIONS

At 31 March 2020, Soaper Duper Limited, a subsidiary undertaking, owed the company £3,774,112 (2019 - £3,372,674).

At 31 March 2020, Beauty Pie Limited, a company under common control, was owed £544,614 (2019 - owed £18,542,288) by the company.

At 31 March 2020, Beauty Pie USA, Inc., a company under common control, owed the company £718,477 (2019 - £161,489).

During the year, interest of £112,695 (2019 - £164,816), £406,137 (2019 - £797,790) and £14,186 (2019 - £2,288) 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 £263,746 (2019 - £331,743) and £2,301,033 (2019 - £2,218,346) inclusive of a 5% mark-up, to Soaper Duper Limited and Beauty Pie Limited respectively.

Other loans includes a loan of £3,217,662 (2019 - £24,281,276) from The R&H Trust Company Ltd as Trustee of the Pie Trust, which is the ultimate controlling party. During the year, interest of £406,137 (2019 - £964,894) was charged by The R&H Trust Company Ltd as Trustee of the Pie Trust. An amount of £162,435 (2019 - £Nil) was waived during the year.

During the year, the company was recharged expenses totalling £158,142 (2019 - £234,984), with a mark-up of £10,368 (2019 - £21,150), by FitFlop Limited, a company in which J Tonkin is a director. The company was also recharged expenses of £39,548 (2019 - £7,067) on which no mark-up was applied.

During the year, the company made a distribution in specie of £89,000 (2019 - £Nil) whereby its investment held in Beauty Pie Limited was transferred to The R&H Trust Company Ltd as Trustee of the Pie Trust.

During the year, the company sold Trademarks held as intangible assets to Beauty Pie Limited for consideration of £35,256 (2019 - £Nil).

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.