

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

000002/20

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law

☒ What this form is for
You cannot use this form for
an alteration of memorandum
with accounting requirements

TUESDAY



A17 27/10/2015 #120 k
COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ① THE FACTION COLLECTIVE SA

UK establishment number B R 0 1 6 2 3 7

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited

Legislation ② SWISS LAWS

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts

A2 Accounting principles

Accounts Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box

☐ No Go to Section A3

☒ Yes Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3

Name of organisation or body ③ SWISS GAAP (Swiss Foundation for Accounting and Reporting)

③ Please insert the name of the
appropriate accounting organisation
or body

A3 Accounts

Accounts Have the accounts been audited? Please tick the appropriate box

☐ No Go to Section A5

☒ Yes Go to Section A4

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A4**Audited accounts**

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ **No** Go to **Part 3 'Signature'**☒ **Yes** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

SWISS GAAP (Swiss Foundation for Accounting and Reporting)

A5**Unaudited accounts**

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ **No**☐ **Yes****Part 3****Signature**

I am signing this form on behalf of the overseas company

Signature

Signature

X



X

This form may be signed by
Director, Secretary, Permanent representative

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

| | |
|---------------|-----------------------------------|
| Contact name | James Fairbairn |
| Company name | The Faction Collective |
| Address | RUNWAY EAST 10 FINSBURY SQUARE |
| Post town | London |
| County/Region | |
| Postcode | E C 2 A 1 A F |
| Country | UK |
| DX | |
| Telephone | 07803044917 |



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form



Important information

Please note that all this information will appear on the public record



Where to send

You may return this form to any Companies House address

England and Wales

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland

The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

**MANAGEMENT REPRESENTATION LETTER FOR LIMITED
STATUTORY EXAMINATION OF THE FACTION COLLECTIVE SA, SION
FOR THE YEAR ENDED JUNE 30, 2014**

TO FIDUCIAIRE FIDAG SA

Related to your Limited Statutory Examination of the financial statements (balance sheet, income statement and notes) for the year ended 30 June 2014, we issue this management representation letter. The objective of this examination is to issue an opinion as to whether the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

We are aware that the board of directors is responsible for the presentation of the financial statements and notes thereto. The board of Directors approved the financial statements and will be submitted to shareholders meeting for approval. We confirm that the legal requirements for a limited statutory examination are met.

We confirm, to the best of our knowledge and belief, the following information:

- The financial statements comply with Swiss law and the company's articles of incorporation and are in this sense free from material misstatements (which can include incorrect recording, valuation, presentation, failure to provide information)
- We have made available to you all accounting records, vouchers and business correspondence as well as the minutes of all General Meetings, Meetings of the Board of Directors and Meetings of the Committees of the Board of Directors
- The company has adhered to all contractual agreements and legal requirements (e.g. direct taxes, value added taxes, social security contributions, environmental protection), the failure to adhere to which could have a significant effect on the financial statements
- The information provided to you for the purpose of identifying related parties is complete. Furthermore, the disclosure of assets and liabilities regarding shareholders and group companies are complete and exact
- We have no plans or intentions nor are we aware of any events, which could place considerable doubt on the ability of the company to continue pursuing its business activity as a going concern
- We have informed you in detail of the establishment, release and balance of undisclosed reserves (Art. 669 Para. 4 SCO)
- We have no plans or intentions through which the recognition, valuation or presentation of assets or liabilities in the financial statements could be significantly altered
- Evidence that the company is entitled to dispose of all capitalized assets is on hand. There are no encumbrances of these assets other than those which are disclosed in the financial statements (Comment in the Notes)
- We have duly recorded or disclosed all commitments - existing liabilities as well as contingent liabilities - in the financial statements in accordance with the regulations (Comment in the Notes). All significant events occurred after the balance sheet closing date are recorded and disclosed in the financial statements
- Claims, resulting from litigations or disputes, which could have material effect on the financial statements of the company do not exist at the balance sheet date

- We have made available all credit agreements. We complied with the related conditions at the balance sheet date - and continue to do so as at the date of this management representation letter
- The amount and purpose of elements of the equity which are not at our free disposal (e.g. reserves in accordance with Art. 671 ff. SCO) have been duly recorded or disclosed in the financial statements
- Going concern depends on the business evolution of The Faction Collective Group (including the US and Canadian entities), respectively on the commercialization success of the developed products. If the company failed to develop the business, the going concern would be compromised and the financial statements should be prepared on the basis of liquidation values
- Furthermore, if the subsidiary failed to develop the business, the going concern would be compromised and the financial statements should be prepared on the basis of liquidation values. Then there would be reasons to admit overindebtedness in connection with the required depreciation of the financial assets
- Nevertheless and based on the presented business plan, including the 2014/2015 budget, the board of directors is convinced that the perspectives of the company are positive and that the continuation of the company and its subsidiaries is possible at least for the next twelve months.

Sion, October 21, 2014

THE FACTION COLLECTIVE SA

Enclosures

- Signed financial statements



FIDUCIAIRE DE VERBIER SA

TENUE DE COMPTABILITÉ - RÉVISION - FISCALITÉ - ADMINISTRATION
INVESTISSEMENT - ASSURANCES - GESTION D'IMMEUBLES

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED STATUTORY EXAMINATION TO THE GENERAL MEETING OF « THE FACTION COLLECTIVE SA » A SION

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of your company for the year ended June 30th, 2014

These financial statements are the responsibility of the board of directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

Without qualifying our examination conclusion, we refer to note in the notes to the financial statement describing a uncertainty which calls into question The Faction Collective SA ability to continue as a going concern. Should the company be unable to continue as a going concern, the financial statements would have to be prepared on the basis of liquidation values. This would lead to a substantiated concern that the company is over indebted in the meaning of Art. 725 para. 2 CO, and the corresponding provisions would have to be observed.

Furthermore, the un-audited financial statements of the subsidiaries in the US and Canada present each individual a situation of overindebtedness. In the balance sheet of The Faction Collective SA, loans for a total amount of CHF 1'243'806 have been granted. Despite the existing risks on those loans, no provision has been recognized. Therefore, the result and the value of equity may be presented for an amount to favorable.

We would draw your attention to the fact that one half of share capital and the legal reserves are no longer covered (Art. 725 para. 1 CO).

Fiduciaire de Verbier SA

Stéphane Fellay
Réviseur agréé
(Réviseur responsable)

Joël Sarrazin
Expert-réviseur agréé

Verbier, October 30, 2014 (3 ex)

Enclosures: Financial statements with balance sheet, profit and loss and notes

THE FACTION COLLECTIVE SA
COMPARED BALANCE SHEET AS OF 30.06.2014 AND 30.06.2013

| ASSETS | 30.06.2014 | 30.06.2013 | LIABILITIES & EQUITY | 30.06.2014 | 30.06.2013 |
|---|------------------|------------------|---|------------------|------------------|
| CURRENT | | | SHORT-TERM LIABILITIES | | |
| Petty Cash | 2'004 | - | Bank overdraft (bearing interest) | 13 | 203'499 |
| Bank UBS CHF | 311'602 | 642'802 | Trade payables | 158'115 | 160'835 |
| Bank UBS EUR | 34'601 | 340'298 | Payables to shareholders (bearing interest) | 109'733 | 264'543 |
| Bank UBS GPB | 69 | 2'536 | Other accrued expenses | 476'231 | -14'971 |
| Bank UBS USD | - | 170'937 | VAT payables | - | - |
| Bank Natwest | 30'071 | 10'381 | | | |
| Paypal | 14'319 | 4'674 | | | |
| Total/cash | 390'602 | 1'171'628 | Total/short-term liabilities | 744'079 | 613'908 |
| NON-CURRENT TANGIBLES ASSETS | | | LONG-TERM LIABILITIES | | |
| Trade receivables | 134'557 | 49'427 | Loans postponed | 442'937 | 505'574 |
| Bad debts provision | -21'528 | - | | | |
| Receivables from shareholders | - | 48'697 | | | |
| Advance payment to suppliers | 566'322 | - | | | |
| Accrued assets | 49'541 | 634'976 | | | |
| Inventories | 349'532 | 100'951 | | | |
| Loan to USA | 1'080'599 | 109'047 | | | |
| Loan to Canada | 163'207 | 589'436 | | | |
| Total/other current assets | 2'322'230 | 1'532'534 | Total/long-term liabilities | 442'937 | 505'574 |
| NON-CURRENT FINANCIAL ASSETS | | | FONDS PROPRE | | |
| Vehicles | 15'497 | 7'026 | Share-Capital | 577'150 | 466'413 |
| Moulds | 157'485 | 134'648 | Reserve for capital contribution | 7'468'391 | 5'607'124 |
| Office installations | 3'724 | 1'420 | Loss retained | -4'326'258 | -2'805'270 |
| IT-Hardware | 33'837 | 1'494 | Loss of the year | -1'965'039 | -1'520'988 |
| Trademarks | 1 | 1 | | | |
| Total/non-current tangible assets | 210'544 | 144'589 | Total/des fonds propres | 1'754'244 | 1'747'279 |
| NON-CURRENT FINANCIAL ASSETS | | | | | |
| Rent guarantee | 17'127 | 17'911 | | | |
| Participation in group companies | 97 | 97 | | | |
| Total/non-current financial assets | 17'824 | 18'008 | | | |
| TOTAL ASSETS | 2'941'260 | 2'886'769 | TOTAL LIABILITIES & EQUITY | 2'941'260 | 2'886'759 |

THE FACTION COLLECTIVE SA

COMPARED PROFIT AND LOSS ACCOUNTS OF 2013/2014 and 2012/2013

| DESIGNATION | 2013/2014 | 2012/2013 |
|--|-------------------|-------------------|
| INCOME | | |
| Skis sales | 997'532 | 760'066 |
| Pole & binding sales | 103'887 | 76'441 |
| Outerwear sales | 222'087 | - |
| Miscellaneous income (shipping, softgoods) | 24'584 | 34'337 |
| Revenue | 1'348'090 | 870'844 |
| DIRECT EXPENSES | | |
| Skis sales - production costs | 676'498 | 620'897 |
| Pole & binding sales - production costs | 80'541 | 60'711 |
| Outerwear sales - production costs | 182'791 | - |
| Other Purchase costs of good sold | 26'047 | 6'720 |
| Other production costs (board, transport, freight) | 245'081 | 137'619 |
| Development costs | 33'686 | 14'427 |
| Design costs | 46'887 | 35'411 |
| Ski Demo - demonstration costs | 4'973 | 61'221 |
| Outerwear - demonstration costs | - | 114'868 |
| Personnel expenses | 517'510 | 351'799 |
| Social expenses | 119'541 | 83'869 |
| Personnel other expenses | 47'563 | 25'663 |
| Total direct expenses | 1'981'118 | 1'513'205 |
| Total general expenses | 1'124'727 | 835'131 |
| Total financial results | 207'284 | 43'496 |
| NET LOSSES | -1'965'039 | -1'520'988 |

THE FACTION COLLECTIVE SA

COMPARED PROFIT AND LOSS ACCOUNTS OF 2013/2014 and 2012/2013

| DESIGNATION | 2013/2014 | 2012/2013 |
|--------------------------------|------------------|----------------|
| GENERAL EXPENSES | | |
| Rentals | 89'133 | 60'446 |
| Marketing - advertising | 261'210 | 108'443 |
| Marketing - product costs | 132'907 | 119'722 |
| Riders under contract | 246'190 | 245'275 |
| Gifts and advertisement | - | 3'563 |
| Commission | 105'534 | 33'889 |
| Third parties work | 2'911 | 54'943 |
| Maintenace, repairs | 10'854 | 5'820 |
| Vehicles costs | 8'737 | 8'789 |
| Commercial insurances | 7'331 | -3'818 |
| Communication and taxes | 18'450 | 13'905 |
| Travel expenses | 91'960 | 43'793 |
| General expenses | 10'482 | 4'643 |
| IT-costs | 4'768 | 5'370 |
| Accounting and fiduciary fees | 15'867 | 76'877 |
| Notary and leagal fees | 13'429 | 22'497 |
| Other general expenses | 6'562 | 1'852 |
| Bad debt provision adjustments | 27'275 | 29'122 |
| Loss on Sale of Fixed Assets | 20'487 | - |
| Depreciation | 50'640 | - |
| Total general expenses | 1'124'727 | 835'131 |
| FINANCIAL RESUTLS | | |
| Interests and bank charges | 8'610 | 5'637 |
| Interests on loans | 42'532 | 33'074 |
| Exchange diffrencies | 156'142 | 4'785 |
| Total financial results | 207'284 | 43'496 |

THE FACTION COLLECTIVE SA

FIXED ASSETS AMORTIZATION TABLE 2013/2014

| DESIGNATION | VALUE AS PER 01/07/2013 | MOVEMENTS 2013/2014 | VALUE BEFORE AMORTIZATION | AMORTIZATION | VALUE AS PER 30/06/2014 |
|----------------------|----------------------------|------------------------|------------------------------|---------------|----------------------------|
| Vehicles | 7'026 | 13'151 | 20'177 | 4'680 | 15'497 |
| Moulds | 134'648 | 66'098 | 200'746 | 43'261 | 157'485 |
| Office installations | 1'420 | 3'442 | 4'862 | 1'138 | 3'724 |
| IT-Hardware | 1'494 | 33'904 | 35'398 | 1'561 | 33'837 |
| Trademarks | 1 | - | 1 | - | 1 |
| TOTAL | 144'589 | 116'595 | 261'184 | 50'640 | 210'544 |

THE FACTION COLLECTIVE SA

NOTES TO THE FINANCIAL STATEMENTS

| | |
|------------|------------|
| 30.06.2014 | 30.06.2013 |
|------------|------------|

INFORMATION IN RELATION TO THE PRINCIPLES USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The valuation principles used in the actual financial statements are in accordance with the rules set in the Swiss Code of Obligation on commercial accounting and financial reporting

Unless otherwise stated in their description, the debts are not bearing an interest. If required, some financial statements' main positions have been recognized in the balance sheet according to the information mentioned hereafter

INDICATIONS, VENTILATION AND EXPLANATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT POSITION :

INCORPORATION:

The Faction Collective SA (Ltd) in Sion

The full-time equivalent exceeds 10 employees. The company is subject to the limited statutory examination.

SIGNIFICANT EQUITY INTEREST:

| | | |
|---|------|------|
| Faction Collective LLC – USA (capital action 100 USD) | | |
| - Capital rights held | 100% | 100% |
| - Voting right held | 100% | 100% |
| Faction Collective Ltd – Canada (capital action 1CAN) | | |
| - Capital rights held | 100% | 100% |
| - Voting right held | 100% | 100% |

OTHER INFORMATION REQUIRED BY LAW:

CAPITAL INCREASE:

On April 4th 2014, the Extraordinary General Shareholder Meeting of the company The Faction Collective SA, with headquarter in Sion (hereafter the « Company ») has decided to authorize the Board of Directors to proceed to a share capital increase of the Company not later than by April 3rd, 2016 through the issuance of up to 1'343'757 fully paid in registered shares of a par value of CHF 10, in whole or by installments. Such registered shares shall be subject to the transfer restrictions set forth in Article 7 of the Articles of Incorporation. The Board of Directors shall determine the issue price, the beginning of the period of dividend entitlement and the type of contributions required.

After a first decision with a share capital increase of the Company, the remaining authorized share capital has been adjusted to CHF 43'751 40. A maximum of 437'514 may be issued.

Furthermore and according to the latest version of the articles of incorporation dated May 16, 2014, the share capital may be increased conditionally through the issuance of up to 138,149 fully paid in registered shares of a par value of CHF 10 each by the Board of Directors (article 5c of the Articles of Incorporation).

GOING CONCERN

Going concern depends on the business evolution of The Faction Collective Group (including the US and Canadian entities), respectively on the commercialization success of the developed products. If the company failed to develop the business, the going concern would be compromised and the financial statements should be prepared on the basis of liquidation values.

Furthermore, if the subsidiary failed to develop the business, the going concern would be compromised and the financial statements should be prepared on the basis of liquidation values. Then there would be reasons to admit overindebtedness in connection with the required depreciation of the financial assets.

Nevertheless and based on the present business plan, including the 2014/2015 budget, the board of directors is convinced that the perspectives of the company are positive and that the continuation of the company is possible at least for the next twelve months.

The Board of Directors has already implemented financial restructuring measures by a capital increase on October 15, 2014. The share capital has been increased by 501'987 new shares representing a nominal value of CHF 50'198 70 and a reserve for capital contribution of CHF 893'536.

OTHER : none
