

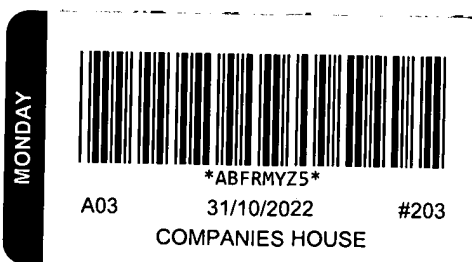
Mamas & Papas (Digital) Limited

Annual Report and Financial Statements

Year Ended

27 March 2022

Company Number 12278533



Mamas & Papas (Digital) Limited

Company Information

Directors	N J P Williams M J Saunders
Company secretary	V B Shackleton
Registered number	12278533
Registered office	Colne Bridge Road Huddersfield West Yorkshire HD5 0RH
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Mamas & Papas (Digital) Limited

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Mamas & Papas (Digital) Limited

Strategic Report For the Year Ended 27 March 2022

The directors present their report on the affairs of the Company, together with the audited financial statements, for the financial year ended 27 March 2022.

Principal activity

The Company operates the e-commerce channel of the Mamas & Papas retail business, selling products through the Mamas & Papas branded websites in the UK and Republic of Ireland. The Company sources all of the products it sells from its fellow subsidiary, Mamas & Papas Limited. The Company and its fellow subsidiaries of Stork Beta Limited make up the Mamas and Papas business, and are collectively referred to as "the Group".

Business review

Accounting period

The accounting period for the Company is the 12 months ending 27 March 2022.

Financial performance

The Company reports an operating profit before depreciation and amortisation for the year to 27 March 2022 of £5.4m (2021: profit £4.9m).

Turnover performance was excellent increasing by 3.2% to £38.1m for the year (2021: £36.9m). The Company achieved growth in turnover despite being compared to very strong results in the prior year when stores were closed for circa 6 months leaving online as the only retail sales channel for Mamas and Papas. The new web platform that was successfully launched in February 2021 has driven an improved performance and enhanced customer experience. Further development is underway to capitalise on the continued growth of the online sales channel.

The Group launched new Mamas and Papas products during the year including a lightweight pushchair, Airo, a bedside crib, Lua, a revolutionary seating product, Bug and new furniture ranges. In addition the range of branded products was increased driven by the dropship project which improves customer choice without the requirement for stockholding. The range expansion has also contributed to the growth in sales during the year.

Reconciliation of Net Profit to Adjusted EBITDA

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Profit before tax and interest	5,212	4,499
Amortisation of intangibles (Note 11)	211	401
Depreciation (Note 12)	-	1
Adjusted EBITDA	5,423	4,901
Turnover	38,094	36,916

Key performance indicators

The directors use a range of performance measures to monitor and manage the business. These measures include, but are not limited to, sales performance, EBITDA, employee engagement and customer satisfaction, as these are considered critical for success. Employee surveys track employee engagement scores and customer satisfaction is monitored from customer emails and Trust Pilot scores. Details of sales performance and EBITDA are shown above. All of the key performance measures have performed very strongly during the current period.

Mamas & Papas (Digital) Limited

Strategic Report (continued) For the Year Ended 27 March 2022

Principal risks and uncertainties

The Company services the nursery market principally in the UK and actively manages the risks inherent in its activities. The Company seeks to mitigate its exposure to all forms of risk where practicable and to transfer risk to insurers where both applicable to the nature of the risk and cost effective. The principal risks and mitigating actions are as follows:

COVID-19

As a result of the virus outbreak in the UK in spring 2020 the directors took immediate measures both to safeguard the wellbeing of employees and customers and also to adapt the business to the evolving circumstances. The primary risks considered were supply chain disruption, employee absenteeism, trading disruption from either government restrictions or economic conditions and the potential impact on liquidity from those risks. During the pandemic those risks were effectively managed and consequently performance has been strong. Demand for products proved to be resilient and the e-commerce operation significantly mitigated the loss of sales resulting from temporary store closures.

Looking forward the lasting economic impact of the outbreak has yet to be determined. There remains the threat of further outbreaks of the virus albeit the vaccination programme has greatly reduced this risk. The directors are confident that the Group is better placed than ever to adapt to such challenges.

Supply Chain

The Group imports a significant proportion of its products and as such is exposed to risks in the supply chain. Challenging conditions in the shipping industry since spring 2020 have impacted the inbound supply chain by increasing lead times and costs. The Group has managed the product lead times proactively and due to this stance there has been very little impact to sales by stock being delayed. Stock levels are monitored continuously and changes to inbound shipments are made where necessary to maximise availability, also additional lead times have been factored into products where necessary. The directors maintain regular dialogue with current suppliers to track changes in the market conditions and relationships have been developed with alternative providers in case they are required.

Data breach and Cyber security

The Group is dependent on the continued availability, capacity and integrity of its IT systems and is aware of the ever increasing cyber threat. The directors continually assess the relevance and responsiveness of the systems and are committed to ongoing development and investment. A security breach or cyber-attack could lead to the loss of sensitive data, affecting the Group's ability to trade and leading to reputational damage and financial penalties. To combat this risk, information security policies and procedures are in place, including encryption, network security, systems access and data protection. Ongoing monitoring is undertaken for risk indicators including screening of email traffic, firewalls and unusual activity. Every employee undergoes mandatory cyber security training, increased password complexity has been implemented and 2 factor authentication to support remote working. Various software updates are underway and the underlying technology and operating system is planned to be upgraded to further increase the robustness of security.

Economic conditions and competitiveness

The economic outlook is uncertain, the impact of Covid and freight costs are reducing, however, inflation is increasing due to the Ukrainian invasion and a sharp deterioration in the strength of sterling. The resulting cost-of-living challenge is likely to reduce consumer demand. The directors are acutely aware of these headwinds and will revise strategy as appropriate. Competitor reactions to these challenges could also adversely impact the competitiveness of the Group's products, price and service. The Group aims to differentiate from the competition by developing market leading products and a broad product range. Competitor activity is regularly reviewed to identify any changes that need to be implemented and a weekly governance forum is in place to take timely mitigating action e.g. promotional activity, range decisions and marketing tactics.

Mamas & Papas (Digital) Limited

Strategic Report (continued) For the Year Ended 27 March 2022

Outlook

Post year-end Company sales are strong recording an increase on the prior year despite the current downturn in the UK consumer confidence index. The Company continues to take advantage of the liquidation of the market leader in the nursery market, Mothercare UK in January 2020 by introducing new own-brand and branded products to drive growth in market share. The e-commerce experience remains a high priority for the Group and work is underway to enhance the features available to customers. This is expected to improve the customer experience, enhance sales and cut costs.

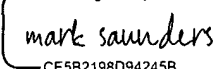
The Group continues to invest in the development of world class, market leading products for the nursery industry, to differentiate from competitors, ensure Mamas & Papas remains relevant to our customer and provide opportunities for sales growth. The Group launched new Mamas and Papas products during the year including a lightweight pushchair, Airo, a bedside crib, Lua, a revolutionary seating product, Bug and new furniture ranges. All have shown positive results with Lua & Bug significantly exceeding initial sales targets. In addition, the range of branded products has been increased driven by the dropship project which improves customer choice without the requirement for stockholding. Further new product development is underway as the directors focus on continuing to enhance the range with award-winning products and thereby strengthen the Mamas and Papas brand. The Group continues to win product and brand awards and currently holds 16 industry and consumer awards and the large company turnaround of the year award.

The threat from the Covid-19 pandemic has receded, however, the directors expect the next six months and beyond to be characterised by difficult trading conditions. The impact of inflation on consumer spending is becoming more pronounced leading to pressure on both sales and margin. In addition, the inflation caused by the ongoing uncertainty in Ukraine and a continued weak sterling is increasing business costs. The directors continue to monitor the situation closely and will take appropriate measures to react to market conditions as required.

Finally, work will continue on the Group's sustainability initiative with our mission as follows:

"At Mamas and Papas we are first and foremost a business of the future for the future. Every day we are helping a new generation of children enter the world. We want them to grow up in a world of opportunity and a world that's sustainable."

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

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M J Saunders
Director

Date: 27/10/22

Mamas & Papas (Digital) Limited

Directors' Report For the Year Ended 27 March 2022

The directors present their report and the audited financial statements for the year ended 27 March 2022.

Results and dividends

The profit for the year, after taxation, amounted to £5,097,000 (2021: £4,548,000).

The directors do not recommend payment of a dividend (2021: £Nil).

Directors

The directors who served during the year, and up to the date of approval, were as follows:

N J P Williams
M J Saunders

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

Mamas & Papas (Digital) Limited

Directors' Report (continued) For the Year Ended 27 March 2022

Employees

Our colleagues across the Group are critical to our ability to deliver the great products and service which underpin our success. Our focus continues to be on increasing colleague satisfaction as evidenced by increased engagement scores from the annual engagement survey.

Improvements made include:

- the implementation of flexible working arrangements;
- launching a new suite of wellbeing policies for all of our colleagues at specific times of their life. The maternity, adoption and shared parental leave policies were improved to provide additional support to our colleagues as well as IVF and miscarriage leave, bereavement leave, foster and career leave policies and committing to becoming a menopause friendly employer; and
- new training initiatives such as mental health training and management training for our managers.

We are committed to championing people of all cultures, ethnicities and gender preferences, celebrating diversity in all its forms through our campaigns, recruitment and our actions. We strongly believe in the power of inclusivity to help us all move forward in life together.

Disabled employees

The Company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Suppliers

We conduct our business fairly, ethically and with respect to fundamental human rights. We are fully committed to the prevention of all forms of slavery, forced labour or servitude, child labour and human trafficking, both in our business and in our supply chains. The Group has an established Ethical Trading Policy, to ensure that when our customers buy from us, they can be assured that the goods have been produced without exploitation and within acceptable and sustainable working conditions.

All suppliers are required to provide ethical audit certification on a biennial basis that is then reviewed by our technical team. Suppliers' social performance (e.g. H&S, wage compliance, working hours, community engagement etc.) is monitored through our Ethical Audit Requirements and subsequent corrective action plans. Our ethical auditing programme now covers 99% of our supply base. Independent monitoring of suppliers is carried out using third-party auditing companies having local country knowledge and an understanding of social and ethical requirements. The audits take place directly in the factories and monitor workplace conditions, interview workers and evaluate operating conditions. These are based on the internationally recognised Ethical Trade Initiative ('ETI') Base Code.

To monitor performance and strive to improve each year the Group completes an annual ESG questionnaire from our shareholders. In addition, the Group has updated and published our latest Modern Slavery Act Statement on our website and have registered the statement with the Modern Slavery Registry.

This year the Group has been accepted as a member of the ETI Ethical Trading Initiative which is a leading alliance of high profile companies, trade unions and NGOs that promotes respect for workers' rights around the globe as part of our ESG programme. The next 2 years requires monitored and collaborative progress to demonstrate commitment and action to achieve full membership status. The Group has also started a partnership with Oxfam in July 2022 launching a take back scheme of baby clothing for which we had to pass a strict criteria reviewing our Ethical Trading Policy. This is an important collaboration and Oxfam together with the ETI both offer a network of contacts and advice to help us expand on our policies and business activities in this area even further.

Mamas & Papas (Digital) Limited

Directors' Report (continued) For the Year Ended 27 March 2022

Customers

Our business is founded on the principle of providing our customers with a wide choice of good quality products. Key achievements in delivering for our customers in the year include:

- improvements to our customer experience by increasing communication after the point of order, reducing response times on calls and emails to customer services, introducing new payment methods and analysing feedback to aid decision making. These actions have driven an increase in our Trust Pilot score to a 4.7 excellent rating;
- the launch of new Mamas and Papas products including a lightweight pushchair, Airo, a bedside crib, Lua, a revolutionary seating product, Bug and new furniture ranges. In addition we continue to increase the range of branded products available;
- expanding our eCRM programme, Grow, which is a specifically targeted CRM campaign that talks to each customer about their specific stage of pregnancy and allows us to tailor our communication around their needs; and
- enhancing the online customer journey by improving the digital platform to provide a better experience which has led to a 20% increase in conversion.

Political Contribution

The company made no political contributions during the current or prior year.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1-3. These matters relate to the principal risks to which the Company is exposed and future developments.

Going concern

The directors have considered the going concern status of the Company, and are satisfied that it is appropriate to prepare the financial statements on a going concern basis. Further details are provided in note 2.3 of the financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1-3.


Auditor

Pursuant to Section 487 of the Companies Act 2006, BDO LLP has been re-appointed as auditor.

Mamas & Papas (Digital) Limited

Directors' Report (continued) For the Year Ended 27 March 2022

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

DocuSigned by:

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M J Saunders
Director

Date: 27/10/22

Mamas & Papas (Digital) Limited

Independent Auditor's Report to the Members of Mamas & Papas (Digital) Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 27 March 2022 and of its profit 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.

We have audited the financial statements of Mamas & Papas (Digital) Limited (the 'Company') for the year ended 27 March 2022 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Mamas & Papas (Digital) Limited

Independent Auditor's Report to the Members of Mamas & Papas (Digital) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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

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

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 Strategic Report and 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, 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 either 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.

Mamas & Papas (Digital) Limited

Independent Auditor's Report to the Members of Mamas & Papas (Digital) Limited (continued)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework in which the Company operates along with the industry through the enquiries with management and review of relevant documentation and considered the risk of fraud and non-compliance with applicable laws and regulations. These included the Companies Act 2006, employment law and tax legislation.

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

Our procedures included but were not limited to assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it is considered there was a susceptibility of fraud. We also considered potential fraud drivers: including financial or other pressures, opportunity, and personal or corporate motivations. We considered the programmes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including in relation to revenue recognition and management override controls. These procedures included:

- identifying and testing journal entries, in particular journal entries posted to revenue, material journals, duplicate journals, and rounded journals;
- enquiries with management and those charged with governance;
- review of board minutes throughout the year and subsequent to the year-end;
- review of tax compliance and involvement of our tax experts in the audit; and
- challenging assumptions and judgement made by management in their significant accounting estimates and judgements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Mamas & Papas (Digital) Limited

Independent Auditor's Report to the Members of Mamas & Papas (Digital) Limited (continued)

Use of our 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.

DocuSigned by:
David Campbell
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David Campbell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 27 October 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Mamas & Papas (Digital) Limited

Statement of Comprehensive Income For the Year Ended 27 March 2022

	Note	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Turnover	4	38,094	36,916
Cost of sales		(29,587)	(29,289)
Gross profit		8,507	7,627
Administrative expenses		(3,129)	(3,093)
Exceptional administrative expenses	6	(166)	(35)
Operating profit	5	5,212	4,499
Profit before taxation		5,212	4,499
Tax on profit	10	(115)	49
Profit and total comprehensive income for the year		5,097	4,548

All amounts relate to continuing operations.

There was no other comprehensive income for the year ended 27 March 2022 (2021: £Nil).

The notes on pages 15 to 29 form part of these financial statements.


Mamas & Papas (Digital) Limited

Registered number: 12278533

**Statement of Financial Position
As at 27 March 2022**

	Note	27 March 2022 £000	28 March 2021 £000
Fixed assets			
Intangible assets	11	363	476
Tangible fixed assets	12	-	-
		<u>363</u>	<u>476</u>
Current assets			
Debtors	13	13,689	15,858
Cash and cash equivalents		502	986
		<u>14,191</u>	<u>16,844</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(3,550)	(11,413)
		<u>10,641</u>	<u>5,431</u>
Net current assets		<u>10,641</u>	<u>5,431</u>
Total assets less current liabilities		<u>11,004</u>	<u>5,907</u>
Non current liabilities			
		-	-
Net assets		<u>11,004</u>	<u>5,907</u>
Capital and reserves			
Share capital	16	-	-
Other reserves	17	618	618
Profit and loss account	17	10,386	5,289
Total equity		<u>11,004</u>	<u>5,907</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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M J Saunders
Director

Date: 27/10/22

The notes on pages 15 to 29 form part of these financial statements.

Mamas & Papas (Digital) Limited

Statement of Changes in Equity For the Year Ended 27 March 2022

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 29 March 2021	-	618	5,289	5,907
Comprehensive income for the year				
Profit for the year	-	-	5,097	5,097
At 27 March 2022	-	618	10,386	11,004

Statement of Changes in Equity For the Year Ended 28 March 2021

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 30 March 2020	-	618	741	1,359
Comprehensive income for the year				
Profit for the year	-	-	4,548	4,548
At 28 March 2021	-	618	5,289	5,907

The notes on pages 15 to 29 form part of these financial statements.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

1. General information

Mamas & Papas (Digital) Limited is a private company, limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the Company's operations and its principal activity are set out in the Strategic Report.

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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stork Beta Limited as at 27 March 2022 and these financial statements may be obtained from Colne Bridge Road, Huddersfield, West Yorkshire, United Kingdom, HD5 0RH.

2.3 Going concern

The going concern of this company is linked to the performance of the group and therefore the directors have performed their assessment on the group, as now detailed. The Group generated significant cash throughout the year (operating cash inflow of £12.5m for year to 27 March 2022) which met its day to day working capital requirements. The Group held cash of £8.2m as at 27 March 2022, and in addition to this continues to have an undrawn overdraft facility of £5m, renewable annually with the next renewal due in May 2023. The directors are confident that this or alternative facilities will be available to the Group due to the level of security available to lenders, through the significant value of stock and trade debtors held by the Group. Due to the nature of the facility, there is no certainty that it will be renewed, however the Group has successfully renewed the facility annually and maintained a relationship with provider, HSBC, for more than 12 years.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

2. Accounting policies (continued)

2.3 Going concern (continued)

Total Group borrowings have fallen from £32.6m to £22.2m as a result of cash repayments and a new share issue in the year. £1.7m of these loans are bank loans which will be repaid by July 2023, and the remaining £20.5m is non interest bearing shareholder loans that are not due before July 2024 at the earliest. The Group has no covenants in relation to these shareholder loans.

The bank overdraft of £5m noted above was undrawn at the year end and remains undrawn at the date of signing these accounts.

Mamas & Papas (Holdings) Limited provided a loan of £0.2m to Mamas & Papas (Digital) Limited in November 2019, this loan is repayable on demand and is non-interest bearing.

The Group had a very successful year increasing sales by 35.3% and delivering profit before tax of £6.8m. The positive results were driven by considerable growth in market share as the Group continues to benefit from the liquidation of the market leader in the nursery market, Mothercare UK, in January 2020. Sales growth came from the launch of new Mamas and Papas products including a lightweight pushchair, a bedside crib, a revolutionary seating product and new furniture ranges plus increasing the range of branded products. Additional retail space has also driven sales with nine new concessions opened during the year. As a result of the strong profit performance free cash flow has been used to repay several loans during the year as noted above.

The directors have prepared cash flow forecasts for the Group for the period to March 2024 which indicate that, taking account of severe but plausible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period.

Like for like trading is expected to be challenging during 2022 due to the current downturn in the UK consumer confidence index. The cash flow forecasts have been stress tested to ensure going concern status. Budgeted sales could reduce by 15% to be 3% ahead of last year before there is any cause for concern. Sales in the first quarter post year end are +17% ahead of last year and there is underlying year on year growth due to the additional retail space that has been added during the year and post year end. In this severe but plausible downside scenario the Group is forecast to operate with positive cash headroom. The mitigation actions that could be taken in this scenario include suspending non-essential capital expenditure, minimising discretionary operational expenditure, offering early payment terms to customers, careful management of stock intake and changes in the supply chain to decrease working capital.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

2. Accounting policies (continued)

2.4 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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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

2.5 Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business net of returns, trade discounts, VAT and other sales related taxes. Revenue is recognised when goods are despatched to the customer and control of the goods is transferred to the buyer.

2.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined benefit contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting year. Differences between contributions payable and the amounts actually paid are shown within accruals or prepayments in the Statement of Financial Position.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

2. Accounting policies (continued)

2.9 Intangible assets

Research and development

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials and direct labour. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 section 18.

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the Statement of Comprehensive Income as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses. The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful life of capitalised development costs is 3 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 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.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

2. Accounting policies (continued)

2.12 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.

2.13 Financial instruments

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

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.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

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

The preparation of financial statements in accordance with FRS 102 requires the Company's directors to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are summarised as follows:

- Determine whether there are indicators of impairment of the Company's tangible assets.

Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

- Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Key sources of estimation uncertainty

- Tangible and intangible assets

Tangible and intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. The directors consider the website and associated trade to be a cash-generating unit ('CGU'). Management performs an impairment review for each CGU that has indicators of impairment. When a review for impairment is conducted, the recoverable amount of an asset or CGU is determined based on value-in-use calculations using the Company's latest forecast cash flows, covering a five year period, considered the average useful economic life of the assets, and are discounted using the Company's pre-tax discount rate. The cash flows reflect the Board's current best estimate of trading performance, and therefore actual performance may vary to estimated performance. This may lead to changes in any impairment calculation in the future.

- Recoverability of amounts owed by group undertakings

Provision for impairment of the carrying value of amounts owed by group undertakings is made based on management's estimate of the prospect of recovering the amounts due, which includes considering the solvency of the counterparty and its future outlook, based on budgets and forecasts prepared by management.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

4. Turnover

Analysis of turnover by country of destination:

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
United Kingdom	35,381	34,812
Rest of the world	2,713	2,104
	<u>38,094</u>	<u>36,916</u>

5. Operating profit

The operating profit is stated after charging:

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Amortisation of intangibles assets	211	401
Depreciation of tangible fixed assets	-	1
	<u>-</u>	<u>1</u>

6. Exceptional items

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Professional fees and initial business set up cost	25	5
Other staff costs	(9)	30
VAT	150	-
	<u>166</u>	<u>35</u>

Other staff costs in the prior period relate to a discretionary one off payment to employees to recognise their contribution through a very difficult year.

VAT relates to one off costs due to implementing the new Brexit regulations.

Such costs are not expected to recur on an ongoing basis, and as such these costs are deemed to be exceptional in nature.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

7. Auditor's remuneration

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	33	28
Fees payable to the Company's auditor in respect of:		
Taxation compliance services	4	4
All other services	3	3
	7	7

8. Employees

Staff costs were as follows:

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Wages and salaries	510	365
Social security costs	59	39
Pension costs - defined contribution scheme	36	19
	605	423

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

	Year ended 27 March 2022 No.	Year ended 28 March 2021 No.
Employees	13	13

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

9. Directors' remuneration

The amount charged through the Statement of Comprehensive Income of this entity for emoluments and directors pension contributions shown in the staff costs is £Nil. As the directors were remunerated by other group entities in both the current and prior period.

The remuneration of the highest paid director is not disclosed because the cost is borne by the fellow subsidiary company, Mamas & Papas Limited.

10. Taxation

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Current tax		
Current tax on profits for the year	120	-
Total current tax	<u>120</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	11	10
Adjustments in respect of prior periods	-	(59)
Effect of tax rate change on opening balance	(16)	-
Total deferred tax	<u>(5)</u>	<u>(49)</u>
Taxation on profit on ordinary activities	<u>115</u>	<u>(49)</u>

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

10. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	Year ended 27 March 2022 £000	Year ended 28 March 2021 £000
Profit on ordinary activities before tax	5,212	4,499
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	990	855
Effects of:		
Fixed asset differences	26	-
Expenses not deductible for tax purposes	5	-
Remeasurement of deferred tax for changes in tax rates	(14)	-
Adjustments to tax charge in respect of previous periods - deferred tax	-	(59)
R&D expenditure credits	(2)	-
Group relief claimed	(918)	(845)
Other differences	28	-
Total tax charge/(credit) for the year	115	(49)

Factors that may affect future tax charges

The UK corporation tax rate will increase from 19% to 25% from 1 April 2023. This change has been substantively enacted at the balance sheet date and is therefore incorporated into the amounts contained in these financial statements.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

11. Intangible assets

	Software development £000
Cost	
At 29 March 2021	3,661
Additions	98
At 27 March 2022	<u>3,759</u>
Amortisation	
At 29 March 2021	3,185
Charge for the year	211
At 27 March 2022	<u>3,396</u>
Net book value	
At 27 March 2022	<u><u>363</u></u>
At 28 March 2021	<u><u>476</u></u>

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

12. Tangible fixed assets

	Computer equipment £000
Cost	
At 29 March 2021	163
At 27 March 2022	163
Depreciation	
At 29 March 2021	163
At 27 March 2022	163
Net book value	
At 27 March 2022	-
At 28 March 2021	-

13. Debtors

	27 March 2022 £000	28 March 2021 £000
Amounts owed by group undertakings	13,563	15,782
Other debtors	67	22
Prepayments and accrued income	5	5
Deferred taxation	54	49
	13,689	15,858

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

14. Creditors: amounts falling due within one year

	27 March 2022 £000	28 March 2021 £000
Trade creditors	68	213
Amounts owed to group undertakings	955	8,753
Loan owed to parent undertaking	196	196
Corporation tax	120	-
VAT payable	1,737	1,807
Other creditors	116	-
Accruals and deferred income	358	444
	3,550	11,413

Amounts owed to group undertakings and the loan owed to parent undertaking are unsecured, interest free and repayable on demand.

15. Deferred taxation

	2022 £000	2021 £000
At beginning of year	49	-
Credited to profit or loss	5	49
At end of year	54	49

The deferred tax asset is made up as follows:

	27 March 2022 £000	28 March 2021 £000
Fixed asset timing differences	54	49
	54	49

16. Share capital

	27 March 2022 £	28 March 2021 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	1	1

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 27 March 2022

17. Reserves

The Company's reserves are made up as follows:

Other reserves

Other reserves represent the acquisition of the trade and assets relating to Mamas and Papas (Digital) Limited from Mamas & Papas (Retail) Limited as part of a pre-pack administration. Assets with a value of £856,569 were purchased for £238,335 creating a reserve of £618,234. Mamas & Papas (Retail) Limited was part of the Mamas and Papas Group selling products through a network of Mamas & Papas branded stores and website. The assets acquired by the Company mainly related to the website.

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

18. Contingent liabilities

There are capital commitments contracted at the year end of £Nil (2021: £Nil).

Cross guarantees

The Company is party to a group banking arrangement which includes unlimited cross guarantees between the various companies in the Group. The Company has a contingent liability in respect of these borrowings which at the year end amounted to a maximum group liability of £Nil (2021: £Nil).

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme 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 £36,000 (2021: £19,000).

20. Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the Company are controlled by the Group.

21. Controlling party

The immediate parent company is Mamas & Papas (Holdings) Limited, a company registered in the United Kingdom.

The ultimate parent and controlling party is BlueGem II GP LP in its capacity as general partner of BlueGem II LP.

The largest group in which the results of the Company are consolidated is that headed by Stork Beta Limited, incorporated in the United Kingdom. The consolidated financial statements of these groups are available to the public and may be obtained from Colne Bridge Road, Huddersfield, West Yorkshire, HD5 0RH.