

Mamas & Papas (Digital) Limited

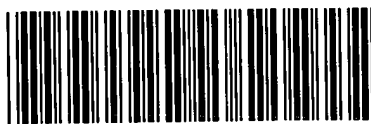
Annual Report and Financial Statements

Year Ended

28 March 2021

Company Number 12278533

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COMPANIES HOUSE

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

Contents

	Page
Strategic Report	1 - 6
Directors' Report	7 - 9
Independent Auditor's Report	10 - 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Equity	16
Notes to the Financial Statements	17 - 33

Mamas & Papas (Digital) Limited

Strategic Report For the Year Ended 28 March 2021

The directors present their report on the affairs of the Company, together with the financial statements and auditor's report, for the financial year ended 28 March 2021.

Principal activity

The Company operates the ecommerce 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.

Business review

Accounting Period

The accounting period for the Company is the 12 months ending 28 March 2021. Mamas & Papas (Digital) Limited was incorporated on 24 October 2019 and began trading in November 2019 so the comparative period is the 5-month period to 29 March 2020 which is referred to as 2020 in these financial statements.

Financial performance

The Company reports an operating profit before depreciation, amortisation and exceptional items for the year to 28 March 2021 of £4.9m (2020: profit £1.1m).

Turnover performance was excellent increasing to £36.9m for the year (2020: £9.3m on a 5 month basis). Trading was particularly strong during the year due to the Covid-19 pandemic forcing store closures during lockdowns and pushing customers to shop online. The Company also benefited from the liquidation of the market leader in the nursery market, Mothercare UK, in January 2020. This left a large gap in the market as their turnover was circa £300 million per annum. To capitalise on the market opportunity, the Company launched new own brand and branded products which have also contributed to the considerable growth in online sales during the year. A new web platform was successfully launched towards the end of the year further improving performance and providing significant trading opportunities for future years.

The financial key performance indicators "KPI's" that the directors monitor on a monthly basis are EBITDA and market share as these are considered critical for success. Market share is monitored using external data provided monthly by GfK and details of EBITDA are shown below. Since the business restructure in November 2019 both of these KPI's have performed ahead of expectations.

Reconciliation of Net Profit to EBITDA

	Year ended 28 March 2021	5 month Period ended 29 March 2020
	£000	£000
Profit before tax and interest	4,499	741
Amortisation of intangibles (Note 11)	401	322
Depreciation (Note 12)	1	3
Exceptional items (Note 6)	35	58
EBITDA pre exceptional items	4,936	1,124
Turnover	36,916	9,311

Mamas & Papas (Digital) Limited

Strategic Report (continued) For the Year Ended 28 March 2021

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 summarised below:

Key risks	Mitigation
<p>Covid-19</p> <ul style="list-style-type: none"> • Potential for significant and prolonged impact on economic conditions • The potential for a period of government restrictions on trading and social distancing may adversely affect operations • Potential increase in employee absenteeism • Supply chain disruption, including disruption to stock availability and potential cost inflation • Liquidity risk: the risks listed above could adversely impact liquidity • Increased pressure on IT systems through remote working 	<ul style="list-style-type: none"> • The health and wellbeing of colleagues, customers and wider communities is the Directors' overriding priority. Events are closely monitored with potential impacts evaluated and appropriate response strategies deployed • The Company continues to take additional temporary measures to reduce costs and/or conserve cash, including, utilising the government support of rates relief and job retention scheme, careful management of stock intake and minimising discretionary operational expenditure • The Company has implemented changes to HQ to ensure all hygiene and social distancing measures are followed and enabling the majority of head office colleagues to work remotely, where practical • The e-commerce operation significantly mitigates the loss of sales resulting from temporary store closures • Bank facilities have been extended and increased
<p>Supply Chain</p> <ul style="list-style-type: none"> • The risk that challenging conditions in the shipping industry impact the inbound supply chain by reducing the availability of stock and / or increasing costs 	<ul style="list-style-type: none"> • Regular dialogue with current suppliers is in place to track changes in the market conditions • Relationships have been developed with alternative providers in case they are required • Additional lead times have been factored into products where necessary • Stock levels are monitored and changes to inbound shipments are made where necessary to maximise availability • The profitability of products and market competitiveness is closely monitored and a weekly governance forum is in place to take timely mitigating action e.g. pricing and promotional activity

Mamas & Papas (Digital) Limited

Strategic Report (continued)
For the Year Ended 28 March 2021

Principal risks and uncertainties (continued)

Key risks	Mitigation
<p>Data breach and Cyber security</p> <ul style="list-style-type: none"> The risk that a security breach or cyber-attack could lead to the loss of sensitive employee or customer data, affecting the Company's ability to trade and leading to reputational damage and financial penalties 	<ul style="list-style-type: none"> Information security policies and procedures are in place, including encryption, network security, systems access and data protection Ongoing monitoring for risk indicators including screening of e-mail traffic and firewalls Vulnerability scans and penetration tests are used and an audit of Cyber Security is underway to validate the robustness of security
<p>Economic conditions and competitiveness</p> <ul style="list-style-type: none"> The risk that challenging economic conditions reduce customer spending, particularly on premium brands such as Mamas and Papas In addition, competitor actions could also adversely impact the competitiveness of the Company's prices and products 	<ul style="list-style-type: none"> The Company has benefitted from the administration and closure of Mothercare UK in November 2019 removing the largest competitor, circa £300m turnover, from the market. The Directors continue to monitor economic conditions and the nursery market and revise strategy as appropriate The competitiveness of prices and products vs the market is closely monitored and a weekly governance forum is in place to take timely mitigating action e.g. promotional activity, range decisions and marketing tactics The Group develops market leading products to differentiate from competitors and drive growth

Mamas & Papas (Digital) Limited

Strategic Report (continued) For the Year Ended 28 March 2021

Section 172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way he or she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long-term
- the interests of the Company's employees
- the need to foster the Company's business relationships with suppliers, customers and others
- the impact of the Company's operations on the community and the environment
- the desirability of the Company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the Company.

The following disclosure describes how the directors have had regard to the matters set out in Section 172 of The Companies Act 2006.

As directors we have always taken decisions for the long-term and collectively and individually our aim is always to uphold the highest standard of conduct and act fairly. Similarly, we understand that our business can only grow and prosper over the long-term if we understand and respect the views and needs of our customers, colleagues and the communities in which we operate, as well as our suppliers, the environment and the shareholders to whom we are accountable. The directors approach to considering and engaging with our key stakeholder groups is described below.

Our people

Our people are key to our success, and communication and engagement with our people is vital to the business and therefore front of mind in Directors decisions. The Directors review the results of the annual engagement survey and quarterly pulse surveys and implement improvements such as a weekly email update of business results and monthly updates on business issues and performance. The HR Director provides updates on areas impacting colleagues, and to ensure that team member views are understood. In the course of their decision making in response to the Covid-19 pandemic, the interests (in particular the health, safety and wellbeing) of employees have been a key consideration for the Directors.

Customers

The principle of supporting our customers through their parenting journey by providing a choice of good quality products plus guidance and advice is a key consideration for the Directors in their decision making. The Directors routinely discuss the Company's product offering and reviews like for like sales performance across product categories. Customer feedback is received by the Directors from customer services and Trust Pilot reviews. The Company engages directly with customers through social media and, during the current pandemic, has implemented a range of measures to protect customer safety and promote social distancing to minimise the risk of Covid-19 spread in stores.

Suppliers

The Company's engagement with suppliers is led by the Product Director and the buying team. Under normal circumstances, this engagement includes face to face meetings with suppliers in China, the UK and the EU, factory visits and attendance at trade fairs. Such meetings had been suspended during the Covid-19 pandemic, and have been replaced by video conference calls with key partners as this interaction is important for both parties. Face to face meetings with the UK partners have now been re-established with the first trade shows starting in October 2021. Overseas travel has remained on hold until 2022. Our quality assurance team works closely with suppliers to ensure product safety and quality control, none of which has been impacted by Covid-19 as we have teams situated in the overseas factories and our own accredited laboratory for testing in the UK. Supplier relationships and interests were factors considered by the Directors in relation to trading conditions resulting from the Covid-19 epidemic.

Mamas & Papas (Digital) Limited

Strategic Report (continued) For the Year Ended 28 March 2021

Community and the environment

The Directors are committed to the communities in which the Company operates and takes great pride in being actively part of those communities. This is demonstrated by the marketing campaign “Never Underestimate The Power of Community” which has sought to support expectant and new parents through the additional stress caused by the Covid-19 pandemic. The Directors recognise that the Company's operations impact the environment, and its objective is to reduce the environmental impact of operations through waste recycling, efficient packaging and energy use. The annual ESG survey, undertaken to measure performance, has seen improvements over the past 5 years. The Directors have also initiated a corporate social responsibility review for the Company and detailed initiatives are being co-ordinated by the team under the four pillars of Our Customers, Our People, Our Environment & Product and Our Community.

Outlook

The Company performed exceptionally well during the Covid-19 pandemic. Trading varied for the Group, being ahead of the prior year when all sales channels were open and extremely high during the 6 months of Covid-19 lockdown periods when the Groups stores were temporarily closed. Post year-end Company sales are excellent with a considerable increase on the prior year despite all of the other Group sales channels reopening.

The Company continues to take advantage of the liquidation of the market leader in the nursery market, Mothercare UK in January 2020. Mamas & Papas is uniquely placed to capture this market opportunity due to the store portfolio providing a focus on high customer service and the network of own-brand wholesale customers across the country. The Company has continued to introduce new own-brand and branded products to ensure the continued growth in market share. The e-commerce experience remains a high priority and a new web platform was successfully launched in February 2021. This has improved the customer experience and will provide significant trading opportunities for the future as customers increasingly choose online as their preferred shopping channel.

The Directors responded immediately to the Covid-19 pandemic with a focus on the health and wellbeing of all colleagues, customers and the wider community. A series of measures are in place to ensure all guidelines are followed and will stay in place whilst the pandemic remains a threat. People are a key strength of the business and our colleagues' resilience and adaptability over this period of change and uncertainty has been remarkable. The colleague surveys have shown engagement scores continue to increase and are now at a very high level, this remains an area of focus for the Directors.

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. A new pushchair “Strada” launched in July 2020 with positive results and a further new pushchair “Airo” was launched just after year-end. Airo has a particular focus on lightweight and slimline features to appeal to both the home and the International market. Post year-end the Company has also launched a new high chair and bedside crib adding further nursery products to enhance the Mamas and Papas brand.

Mamas & Papas (Digital) Limited

Strategic Report (continued)
For the Year Ended 28 March 2021

Outlook (continued)

Finally the Group has launched a sustainability initiative which we look forward to reporting on in more detail next year. Our mission is 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.”

Detailed initiatives are being co-ordinated by the team under the four pillars of Our Customers, Our People, Our Environment & Product and Our Community.

By order of the Board



.....
M J Saunders
Director

Date: 4th February 2022

Mamas & Papas (Digital) Limited

Directors' Report For the Year Ended 28 March 2021

The directors present their report and the audited financial statements for the year ended 28 March 2021.

Results and dividends

The profit for the year, after taxation, amounted to £4,548,000 (2020 - £741,000).

The directors do not recommend payment of a dividend (2020 - £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 (appointed 25 September 2020)

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 period. 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). 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 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 28 March 2021

Employees

Our colleagues across the Company are critical to our ability to deliver the great products and service which underpin our success. It is the Directors policy to pursue open communication with employees and, to this end, weekly email updates and monthly video updates are sent to all colleagues to convey information about the business. Regular communication has been more important than ever with a large number of employees working from home during the Covid-19 pandemic and engagement scores from the surveys listed below have improved over the year.

Our focus continues to be on improving our colleague engagement. We engage with our colleagues through our:

- Annual engagement survey to listen to feedback and take actions to improve;
- Quarterly pulse surveys to measure improvements; and
- Listening Groups, to openly discuss specific topics that have an impact on our colleagues.

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.

The Group continues to take all reasonable steps to develop our supply chain management procedures and our supplier audit programme to give assurance to our stakeholders that we take our commitment seriously. Suppliers have direct contact with our in-house Quality Assurance function.

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.

Mamas & Papas (Digital) Limited

Directors' Report (continued) For the Year Ended 28 March 2021

Customers

Our business is founded on the principle of providing our customers with a wide choice of good quality products. In addition we are focused on providing support, guidance and advice to meet our customers' parenting needs.

Key achievements in delivering for our customers across the Group in the year include:

- Enhancing the online customer journey by successfully re-launching the digital platform to provide a faster experience, better checkout as well as better search and merchandising helping customers find what they need;
- The launch of a new Mamas and Papas pushchair, Strada, and stocking more branded products to broaden the range available, particularly important following the liquidation of Mothercare;
- Developing our eCRM programme, Grow, to enable customers to access relevant, targeted content, support, advice and guidance in emails according to their stage in their parenting journey.

Political contributions

The Company made no political contributions during the current or prior period.

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 1-6. These matters relate to the principal risks to which the Company is exposed and future developments.

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.

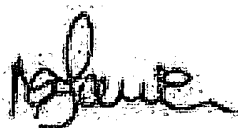
Other information

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 1-6.

Auditor

Pursuant to Section 487 of the Companies Act 2006, BDO LLP have been appointed and KPMG LLP have ceased office.

By order of the Board



.....
M J Saunders
Director

Date: 4th February 2022

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 28 March 2021 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 28 March 2021 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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.

Mamas & Papas (Digital) Limited

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

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.

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:

Mamas & Papas (Digital) Limited

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

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

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, pensions and tax legislation.

There were no matters or non-compliance or fraud that were communicated to the audit engagement team. The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations.

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 managements 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, unusual account contributions and journals posted by unexpected users;
- Enquiries with management and those charged with governance;
- Review of board minutes throughout the year and subsequent to the year-end;
- Review of correspondence between the Company and regulatory bodies
- 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.

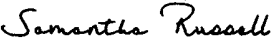
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

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:

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Samantha Russell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 04 February 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 28 March 2021

	Note	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Turnover	4	36,916	9,311
Cost of sales		(29,289)	(7,232)
Gross profit		7,627	2,079
Administrative expenses		(3,093)	(1,280)
Exceptional administrative expenses	6	(35)	(58)
Operating profit	5	4,499	741
Profit before taxation		4,499	741
Tax on profit	10	49	-
Profit & total comprehensive income for the year		4,548	741

All amounts relate to continuing operations.

There was no other comprehensive income for the year ended 28 March 2021 (2020 - £Nil).

The notes on pages 17 to 33 form part of these financial statements.

Mamas & Papas (Digital) Limited

Registered number: 12278533

Statement of Financial Position As at 28 March 2021

	Note	28 March 2021 £000	As restated 29 March 2020 £000
Fixed assets			
Intangible assets	11	476	418
Tangible assets	12	-	1
		<u>476</u>	<u>419</u>
Current assets			
Debtors	13	15,858	3,537
Cash and cash equivalents		986	2,130
		<u>16,844</u>	<u>5,667</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(11,413)	(4,727)
		<u>5,431</u>	<u>940</u>
Net current assets			
		<u>5,907</u>	<u>1,359</u>
Total assets less current liabilities			
		<u>5,907</u>	<u>1,359</u>
Net assets			
		<u>5,907</u>	<u>1,359</u>
Capital and reserves			
Share capital	16	-	-
Other reserves	17	618	618
Profit and loss account	17	5,289	741
		<u>5,907</u>	<u>1,359</u>

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



.....
M J Saunders
Director

Date: 4th February 2022

The notes on pages 17 to 33 form part of these financial statements.

Mamas & Papas (Digital) Limited

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

Statement of Changes in Equity For the Year Ended 29 March 2020

	Share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 24 October 2019	-	-	-	-
Comprehensive income for the period				
Profit for the period	-	-	741	741
Balance arising on acquisition of trade and assets	-	618	-	618
At 29 March 2020	-	618	741	1,359

The notes on pages 17 to 33 form part of these financial statements.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

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;
- 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 28 March 2021 and these financial statements may be obtained from Colne Bridge Road, Huddersfield, West Yorkshire, United Kingdom, HD5 0RH.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

2. Accounting policies (continued)

2.3 Going concern (continued)

The Mamas & Papas (Holdings) Limited Group met its day to day working capital requirements during the period through an overdraft facility of £5m, which was increased to £7m from July to December 2020. The facility is renewable annually with the next renewal due in May 2022. 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 average carrying value of stock and trade debtors at £18.4m. 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 11 years.

At 28 March 2021, loan notes of £50.7m are outstanding with shareholders. Of these:

- £6m, due to an investor, is repayable on 1 July 2024 and attracted interest at 3% compounding
- £3.7m, due to the ultimate owner is repayable in March 2026 and is non-interest bearing. This loan amount was previously £3.9m but amended to £3.7m in August 2020 due to a transaction to purchase from the Administrator the rights to future business rates rebates
- £18m, due to the ultimate owner, is repayable in July 2024 and is non-interest bearing
- £5m, due to an intermediary parent company is repayable in March 2026 and is non-interest bearing
- £14m is repayable on demand and attracts interest at LIBOR plus 4%. This is payable to the ultimate parent company Stork Beta Limited, who funded the loans through equity injection received by Stork Beta Limited indirectly by the ultimate owner
- £4m, due to the ultimate parent company Stork Beta Limited, was provided in June 2020, is repayable on demand and is non-interest bearing.

Post year end, loans have changed as follows:

- The £6m, due to an investor was purchased by the ultimate owner in July 2021. The loan was amended to become non-interest bearing and the interest accrued but not paid was waived. A fair value adjustment has been applied to unwind an applied market rate of interest over the period of the loans
- In July 2021 an additional £2.5m bank loan was provided, repayable monthly over 2 years.
- The £3.7m loan due to the ultimate owner has been repaid in full, £2.5m was repaid in July 2021 and a further £1.2m in September 2021
- £5.3m of the £18m due to the ultimate owner was repaid in September 2021, reducing the loan notes outstanding to £12.7m
- £0.5m of the £4.0m loan provided in June 2020 by the immediate parent company Stork Beta Limited was repaid in September 2021.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

2. Accounting policies (continued)

2.3 Going concern (continued)

In summary overall loans have reduced by £7.5m between the year end and the date of signing these accounts. In addition the bank overdraft 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 remaining elements of the planned profitability improvement and business transformation programme were implemented during the year improving the profitability of the Group going forward. The Group also benefitted from the liquidation of the market leader in the nursery market, Mothercare UK, in January 2020. This left a large gap in the market as their turnover was circa £300 million per annum. The Group has seen considerable growth in market share since January 2020 and like for like trading is significantly ahead of the prior year. As a result of the strong performance free cash flow has been used to repay several loans as noted above.

The directors have prepared cash flow forecasts for the Group for the period to March 2023 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.

The cash flow forecasts include the impact of the nursery market changes, particularly the closure of Mothercare UK, which has driven an increase in revenue. Sensitivity analysis has been performed reducing stores trading by 5% and wholesale revenue by 10% to account for any potential Covid-19 impacts between the date of signing these accounts and 30 March 2022. In addition no growth has been assumed in future years despite the business opening additional retail space. 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, careful management of stock intake and changes in the supply chain to decrease working capital.

Those forecasts are dependent on the company's parent companies, who are both ultimately owned by BlueGem II LP, not seeking repayment of the amounts currently due to the Group. The amount payable on demand to Stork Beta Limited as at the date of signing these financial statements is £17.5m. Stork Beta Limited has indicated that they do not intend to seek repayment of these amounts for the period covered by the forecasts through a letter of group support. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 28 March 2021

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 28 March 2021

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 probably 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 28 March 2021

2. Accounting policies (continued)

2.9 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account 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 profit and loss account 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 28 March 2021

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 28 March 2021

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 group and 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 Group's latest forecast cash flows, covering a five year period, considered the average useful economic life of the assets, and are discounted using the Group'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 28 March 2021

4. Turnover

Analysis of turnover by country of destination:

	Year ended 28 March 2021 £000	As restated 5 month Period ended 29 March 2020 £000
United Kingdom	34,812	8,850
Europe	2,104	461
	<u>36,916</u>	<u>9,311</u>

5. Operating profit

The operating profit is stated after charging:

	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Amortisation of intangibles assets	401	322
Depreciation of tangible fixed assets	1	3
	<u>402</u>	<u>325</u>

6. Exceptional items

	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Professional fees and initial business set up cost	5	58
Other staff costs	30	-
	<u>35</u>	<u>58</u>

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

Such costs are not expected to recur on a 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 28 March 2021

7. Auditor's remuneration

	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	28	12
Fees payable to the Company's auditor in respect of:		
Taxation compliance services	4	6
All other services	3	-
	<u>7</u>	<u>6</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Wages and salaries	365	275
Social security costs	39	15
Cost of defined contribution scheme	19	13
	<u>423</u>	<u>303</u>

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

	Year ended 28 March 2021 No.	5 month Period ended 29 March 2020 No.
Employees	13	13

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

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 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Current tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Origination and reversal of timing differences	10	-
Adjustments in respect of prior periods	(59)	-
Total tax charge for the year	(49)	-

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Year ended 28 March 2021 £000	5 month Period ended 29 March 2020 £000
Profit on ordinary activities before tax	4,499	741
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	855	141
Effects of:		
Expenses not deductible for tax purposes	-	71
Losses of group companies not paid for	-	(213)
Tax attributes transferred from Group companies	-	1
Adjustments to tax charge in respect of previous periods - deferred tax	(59)	-
Group relief surrender/ (claimed)	(845)	-
Total tax charge for the year	(49)	-

Factors that may affect future tax charges

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date. As a result deferred tax balances as at 28 March 2021 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the effect on the closing deferred tax position would be to increase the deferred tax asset by £15,000.

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

11. Intangible assets

	Software development £000
Cost	
At 30 March 2020	3,202
Additions	459
At 28 March 2021	<u>3,661</u>
Amortisation	
At 30 March 2020	2,784
Charge for the period	401
At 28 March 2021	<u>3,185</u>
Net book value	
At 28 March 2021	<u>476</u>
At 29 March 2020	<u>418</u>

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

12. Tangible fixed assets

	Computer equipment £000
Cost	
At 30 March 2020	163
At 28 March 2021	<u>163</u>
Depreciation	
At 30 March 2020	162
Charge for the period	1
At 28 March 2021	<u>163</u>
Net book value	
At 28 March 2021	<u><u>-</u></u>
At 29 March 2020	<u><u>1</u></u>

13. Debtors: amount falling due within one year

	28 March 2021 £000	As restated 29 March 2020 £000
Trade debtors	-	10
Amounts owed by group undertakings	15,782	3,244
Other debtors	22	100
Prepayments and accrued income	5	183
Deferred taxation	49	-
	<u>15,858</u>	<u>3,537</u>

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 28 March 2021

14. Creditors: amounts falling due within one year

	28 March 2021 £000	As restated 29 March 2020 £000
Trade creditors	213	413
Amounts owed to group undertakings	8,753	2,936
Loan owed to parent undertaking	196	196
Social security and PAYE	-	28
VAT	1,807	955
Other creditors	-	7
Accruals and deferred income	444	192
	<u>11,413</u>	<u>4,727</u>

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

15. Deferred taxation

	2021 £000
Credited to profit or loss	49
At end of period	<u>49</u>

The deferred tax asset is made up as follows:

	28 March 2021 £000	29 March 2020 £000
Fixed asset timing differences	49	-
	<u>49</u>	<u>-</u>

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

16. Share capital

	28 March 2021	29 March 2020
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

17. Reserves

The Company's capital and reserves are made up as follows:

Other reserves

Other reserves represents 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. Prior year adjustment

It was noted in the current year that turnover amounting to £461,000 and previously classified as being related to the United Kingdom, actually related to the Europe. Therefore the geographical breakdown of turnover in note 4 has been updated accordingly. This adjustment has had no impact of the profit before tax or net assets of the Company.

In addition to this, the intercompany balances in the prior year were netted off within debtors. An adjustment has therefore been posted to gross up the intercompany balances to the value of £2,936,000. This adjustment has had no impact on the profit before tax or net assets of the Company.

19. Contingent liabilities

There are capital commitments contracted at the year end of £Nil (2020 - £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 (2020 - £Nil).

Mamas & Papas (Digital) Limited

Notes to the Financial Statements For the Year Ended 28 March 2021

20. 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 £19,000 (2020 - £13,000). Contributions totalling £Nil (2020 - £7,000) were payable to the fund at the reporting date and are included in creditors.

21. 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.

22. 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.