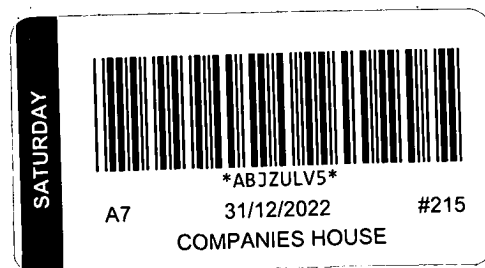


Company registration number 08668796 (England and Wales)

**TRAPSTAR INTERNATIONAL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



# TRAPSTAR INTERNATIONAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Michael Aryee Jay Brown Levan Langaigne Tyran Smith
<b>Company number</b>	08668796
<b>Registered office</b>	Ground Floor, Charles House 5-11 Regent Street, St James's London SW1Y 4LR
<b>Auditor</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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# TRAPSTAR INTERNATIONAL LIMITED

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# TRAPSTAR INTERNATIONAL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present the strategic report of Trapstar International Limited (the 'parent company') and its subsidiary undertakings (together, the 'group') for the year ended 31st December 2021.

#### **Fair review of business**

We were pleased to achieve an increase in turnover of 99.26% from £10,592,419 in 2020 to £21,106,309 in 2021. The growth comes from online sales and reflects our continued investment in developing this aspect of our business. There has been a decline in store sales from £1,058,128 in 2020 to £515,836 in 2021. This is mainly due to the fact that we took the decision to permanently close the London store mid-way through the year as part of our strategy to focus on developing our online business.

The group achieved a profit before tax of £7,216,043 (2020: £2,869,358), further reflecting our focus on developing our online business.

#### **Future developments**

Looking forward, we intend to further develop our core markets in the UK and Northern Ireland and to also expand our international reach further. Key aspects of this will be increasing the size and frequency of product launches and focusing on our online business. We appreciate all of the support provided by our stakeholders, both internal and external to the business, and will continue to focus on supporting them whilst also maintaining efficiencies within our business.

#### **Principal risks and uncertainties**

The nature of the group's operations are subject to a number of risks. The directors are of the opinion that a thorough risk management process is in place which involves the formal review of these business risks. Where possible, processes are put in place to monitor and mitigate such risks.

*Reduction in consumer discretionary spending:* We are seeing various pressures on consumer discretionary spending, particularly as we progress further into 2022 and 2023 and consumers experience higher living costs, for example, in relation to energy prices, reduced income arising from inflation and the UK recession. Worldwide event such as the Russo-Ukrainian war also add pressures to the economy. Whilst this has not been reflected in lower demand for our products to date, we will continue to assess if these factors will impact negatively on demand and the associated impact on the business.

*Reliance on key suppliers and supply chain management:* Reliance on our suppliers to deliver products to a certain standard of quality and on time is crucial to the success of our business. Failure to achieve this could clearly pose a risk to our reputation or result in an inability to meet customer demand. There is a further risk that suppliers will experience higher costs - for example, in relation to fuel costs - and these costs are passed on to our business and impact on our margins. We use various suppliers to reduce over-reliance on individual suppliers and stock availability is reviewed on an ongoing basis. The group also continually seeks to expand its supplier base in new territories, allowing some natural hedging of foreign exchange rate risk.

*Fluctuations in foreign exchange rates:* A substantial part of our purchases is denominated in foreign currencies and so there is some exposure to foreign exchange rate risk. This exposure is mitigated through ongoing monitoring of currency rates and, if required, the use of forward contracts.

#### **Key performance indicators**

The group monitors its performance through a broad range of KPIs that include operating margins, sell-thru, order metrics of average order value/units per transaction/average unit retail, customer acquisition, retention, reengagement and LTV.

# TRAPSTAR INTERNATIONAL LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### Financial risk management objectives and policies

The group uses various financial instruments which include cash balances and other items, such as debtors and creditors, which arise directly from its operations.

The main risks arising from the group's financial instruments are credit risk and foreign exchange risk. The directors review and agree policies for managing each of these risks, which are summarised below:

*Credit risk:* The group's principal financial instruments are cash and trade and other debtors.

The credit risk arising from cash balances is limited as the group uses banks with high credit ratings assigned by international credit-rating agencies.

Our trade debtors relate substantially to business-to-business customers. To date, we have seen relatively few bad debts and there is little concentration of credit risk in individual accounts. Trade debtors are monitored on an ongoing basis and credit risk management policies are in place where accounts become overdue.

*Foreign exchange risk:* The group uses various financial instruments which are denominated in foreign currencies. The foreign exchange exposure on these financial instruments is monitored on an ongoing basis to ensure that the risk remains within acceptable parameters to the group.

### Post balance sheet events

There have been no other significant events affecting the Group since the year end.

On behalf of the board



.....  
Michael Aryee  
Director

Date: 22 December 2022

# **TRAPSTAR INTERNATIONAL LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# TRAPSTAR INTERNATIONAL LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their annual report and financial statements for the year ended 31 December 2021.

#### Principal activities

The principal activity of the company and group continued to be that of retail and wholesale of designer clothing and accessories.

#### Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £2,075,596 (2020: £1,000,000). The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Michael Aryee  
Jay Brown  
Levan Langaigne  
Tyran Smith

#### Future developments

The Board is pleased with the progress which has been made in 2021 across all aspects of the business to achieve another set of record results. The Board believes the Group's broad geographical spread, strong client base and focussed service offering means that it is well placed to make the most of the ongoing investment clients are making in the B2B space.

#### Matters covered in the Group Strategic report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has chosen to set out information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the company's strategic report.

#### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

#### Post balance sheet events

There have been no other significant events affecting the Group since the year end.

#### Auditors

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

# TRAPSTAR INTERNATIONAL LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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On behalf of the board



.....  
Michael Aryee  
Director

Date: 22 December 2022



# TRAPSTAR INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF TRAPSTAR INTERNATIONAL LIMITED

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#### Opinion

We have audited the financial statements of Trapstar International Limited (the 'Group') for the year ended 31 December 2021 which comprise the Group Profit and Loss Statement, Group Balance Sheet, Group Statement of Changes in Equity and Group Statement of Cash Flows, and the Company Balance Sheet and Company 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of the 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.

#### 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 Group 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 director's 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 Group'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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# TRAPSTAR INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TRAPSTAR INTERNATIONAL LIMITED

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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 year 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.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the Group, 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 set out on page X, 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 Group'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 Group 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.

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:

# TRAPSTAR INTERNATIONAL LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF TRAPSTAR INTERNATIONAL LIMITED

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the Group and trade regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters**

In the previous accounting year, the directors of the Group took advantage of the audit exemption under s477 of the Companies Act. Therefore, the prior years financial statements were not subject to audit.

#### **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.



**Anastasia Frangos (Senior Statutory Auditor)**  
For and on behalf of Haysmacintyre LLP

30 December 2022

Date: .....

**Chartered Accountants**  
**Statutory Auditor**

10 Queen Street Place  
St James's  
London  
EC4R 1AG

# TRAPSTAR INTERNATIONAL LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	unaudited £
<b>Turnover</b>	<b>3</b>	21,106,309	10,592,419
Cost of sales		(6,996,103)	(3,610,163)
<b>Gross profit</b>		<b>14,110,206</b>	<b>6,982,256</b>
Distribution costs		(1,736,180)	(969,222)
Administrative expenses		(5,192,998)	(3,186,226)
Other operating income	<b>4</b>	35,015	42,550
Exceptional item		398,310	-
<b>Operating profit</b>		<b>7,614,353</b>	<b>2,869,358</b>
Amounts written off investments	<b>9</b>	(398,310)	-
<b>Profit before taxation</b>		<b>7,216,043</b>	<b>2,869,358</b>
Tax on profit	<b>10</b>	(1,369,996)	(643,380)
<b>Profit for the financial year</b>		<b>5,846,047</b>	<b>2,225,978</b>

Profit for the financial year is all attributable to the owners of the parent company.

The notes on pages 16 to 27 form part of these financial statements.

# TRAPSTAR INTERNATIONAL LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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	2021	2020
	£	unaudited £
Profit for the year	5,846,047	2,225,978
Other comprehensive income	-	-
Total comprehensive income for the year	<u>5,846,047</u>	<u>2,225,978</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

The notes on pages 16 to 27 form part of these financial statements.

# TRAPSTAR INTERNATIONAL LIMITED

## GROUP BALANCE SHEET AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 unaudited £
<b>Fixed assets</b>			
Tangible assets	12	33,401	5,449
		<u>33,401</u>	<u>5,449</u>
<b>Current assets</b>			
Stocks	15	1,355,023	605,880
Debtors	16	2,205,820	211,882
Cash at bank and in hand		14,627,532	5,534,845
		<u>18,188,375</u>	<u>6,352,607</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(10,648,464)</u>	<u>(2,555,195)</u>
<b>Net current assets</b>		<u>7,539,911</u>	<u>3,797,412</u>
<b>Net assets</b>		<u><u>7,573,312</u></u>	<u><u>3,802,861</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	10,000	10,000
Share premium account		495,000	495,000
Profit and loss reserves		7,068,312	3,297,861
<b>Total equity</b>		<u><u>7,573,312</u></u>	<u><u>3,802,861</u></u>

The notes on pages 16 to 27 form part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:

  
.....  
Michael Aryee  
Director

# TRAPSTAR INTERNATIONAL LIMITED

## COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2021

		2021		2020 unaudited	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Investments	13		305,000		305,000
			<u>305,000</u>		<u>305,000</u>
<b>Current assets</b>					
Debtors	16			398,310	
				<u>398,310</u>	
<b>Net current assets</b>					398,310
<b>Net assets</b>			<u>305,000</u>		<u>703,310</u>
<b>Capital and reserves</b>					
Called up share capital	18		10,000		10,000
Share premium account			495,000		495,000
Profit and loss reserves			(200,000)		198,310
<b>Total equity</b>			<u>305,000</u>		<u>703,310</u>

The notes on pages 16 to 27 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,677,286 (2020 - £999,474 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 December 2022 and are signed on its behalf by:



.....  
Michael Aryee  
Director

Company Registration No. 08668796

# TRAPSTAR INTERNATIONAL LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total equity £
<b>Balance at 1 January 2020</b>		10,000	495,000	2,071,883	2,576,883
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year		-	-	2,225,978	2,225,978
Dividends	11	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2020</b>		10,000	495,000	3,297,861	3,802,861
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	5,846,047	5,846,047
Dividends	11	-	-	(2,075,596)	(2,075,596)
<b>Balance at 31 December 2021</b>		10,000	495,000	7,068,312	7,573,312

The notes on pages 16 to 27 form part of these financial statements.



# TRAPSTAR INTERNATIONAL LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total equity £
<b>Balance at 1 January 2020</b>		10,000	495,000	198,836	703,836
<b>Year ended 31 December 2020:</b>					
Profit and total comprehensive income for the year		-	-	999,474	999,474
Dividends	11	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2020</b>		10,000	495,000	198,310	703,310
<b>Year ended 31 December 2021:</b>					
Profit and total comprehensive income for the year		-	-	1,677,286	1,677,286
Dividends	11	-	-	(2,075,596)	(2,075,596)
<b>Balance at 31 December 2021</b>		10,000	495,000	(200,000)	305,000

The notes on pages 16 to 27 form part of these financial statements.

# TRAPSTAR INTERNATIONAL LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	£	unaudited £
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	12,618,895	3,692,314
Income taxes paid		(1,015,999)	(494,497)
<b>Net cash inflow from operating activities</b>		<u>11,602,896</u>	<u>3,197,817</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(36,303)	(1,564)
<b>Net cash used in investing activities</b>		<u>(36,303)</u>	<u>(1,564)</u>
<b>Financing activities</b>			
Repayment of borrowings		(398,310)	-
Dividends paid to equity shareholders		(2,075,596)	(1,000,000)
<b>Net cash used in financing activities</b>		<u>(2,473,906)</u>	<u>(1,000,000)</u>
<b>Net increase in cash and cash equivalents</b>		<u>9,092,687</u>	<u>2,196,253</u>
Cash and cash equivalents at beginning of year		<u>5,534,845</u>	<u>3,338,592</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>14,627,532</u></u>	<u><u>5,534,845</u></u>

The notes on pages 16 to 27 form part of these financial statements.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

#### Company information

Trapstar International Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Ground Floor, Charles House, 5-11 Regent Street, St James's, London, SW1Y 4LR.

The principal activity of the Company is the design and sale of 'streetwear' clothing through a direct-to-consumer model.

The group consists of Trapstar International Limited and all of its subsidiaries.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value, where applicable. The principal accounting policies adopted are set out below.

#### 1.2 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Trapstar International Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 December 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

#### 1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trade marks and development costs	over 5 years
-----------------------------------	--------------

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	20% on reducing balance
Computers	20% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the profit and loss account.

#### 1.7 Investments

Investments in subsidiaries are recorded at cost less impairment in the company's statement of financial position.

#### 1.8 Impairment of fixed assets

At each reporting period end date, the group and company review the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group and company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial instruments

The group and company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's and company's balance sheet when they becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group or company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's or company's contractual obligations expire or are discharged or cancelled.

#### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's and company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 1 Accounting policies

(Continued)

#### 1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group or company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### 1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's and company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### **Stocks**

Stocks are reviewed on a line-by-line basis and provision is made where the estimated selling price less costs to complete and sell is expected to be below cost.

#### **Returns provision**

The directors assess the value of a returns provision based upon the return period timeline, the number of sales that would be valid for a return and the expected amount of returns.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

	2021	2020 unaudited
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	18,854,933	9,547,168
Europe	1,630,614	757,049
Rest of World	620,762	288,202
	<u>21,106,309</u>	<u>10,592,419</u>

### 4 Other operating income

	2021	2020 unaudited
	£	£
Government grants receivable	35,015	42,550
	<u>35,015</u>	<u>42,550</u>

### 5 Operating profit

	2021	2020 unaudited
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(8,744)	55,611
Depreciation of owned tangible fixed assets	8,351	1,362
Amounts written off intercompany loans	(398,310)	-
Operating lease charges	234,734	158,882
	<u>234,734</u>	<u>158,882</u>

### 6 Auditor's remuneration

	2021	2020 unaudited
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	<u>48,600</u>	<u>-</u>

The group was exempt from audit in 2020.



# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2021	2020 unaudited	Company 2021	2020 unaudited
Number	Number	Number	Number
40	48	4	4

Their aggregate remuneration comprised:

	Group 2021	2020 unaudited	Company 2021	2020 unaudited
	£	£	£	£
Wages and salaries	2,100,605	1,442,574	-	-
Social security costs	153,865	117,888	-	-
Pension costs	15,516	10,229	-	-
	<u>2,269,986</u>	<u>1,570,691</u>	<u>-</u>	<u>-</u>

### 8 Directors' remuneration

	2021	2020 unaudited
	£	£
Remuneration for qualifying services	<u>481,270</u>	<u>427,867</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2021	2020 unaudited
	£	£
Remuneration for qualifying services	<u>242,567</u>	<u>214,075</u>

### 9 Amounts written off investments

	2021	2020 unaudited
	£	£
Amounts written off financial liabilities	<u>(398,310)</u>	<u>-</u>

This amount is an intercompany loan from Trapstar International Limited which is no longer due to be paid from Trapstar Collective Limited.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 10 Taxation

	2021	2020
	£	unaudited £
<b>Current tax</b>		
UK corporation tax on profits for the current period	1,369,996	643,380

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	unaudited £
Profit before taxation	7,216,043	2,869,358
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,371,048	545,178
Tax effect of expenses that are not deductible in determining taxable profit	6,080	9,394
Unutilised tax losses carried forward	-	100
Adjustment in respect of prior year deferred income	-	27,185
Adjustment in respect of prior year provisions return	-	17,763
Adjustment in respect of prior year revenue from EU territories	-	13,630
Adjustment in respect of prior year revenue from e-commerce fees	-	30,038
Capital allowances in excess of depreciation	(8,719)	(297)
Depreciation on assets not qualifying for tax allowances	1,587	389
<b>Taxation charge</b>	<b>1,369,996</b>	<b>643,380</b>

The Finance Bill 2021 was substantively enacted on 24 May 2021 and the main rate of corporation tax in the UK will be 25% from 1 April 2023.

### 11 Dividends

	2021	2020
	£	unaudited £
Recognised as distributions to equity holders:		
Interim declared	2,075,596	1,000,000

All dividends were paid as at the year end.

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets

Group	Plant and equipment £	Computers £	Total £
<b>Cost</b>			
At 1 January 2021	21,009	-	21,009
Additions	5,719	30,584	36,303
At 31 December 2021	26,728	30,584	57,312
<b>Depreciation and impairment</b>			
At 1 January 2021	15,560	-	15,560
Depreciation charged in the year	2,339	6,012	8,351
At 31 December 2021	17,899	6,012	23,911
<b>Carrying amount</b>			
At 31 December 2021	8,829	24,572	33,401
At 31 December 2020	5,449	-	5,449

The company had no tangible fixed assets at 31 December 2021 or 31 December 2020.

### 13 Investments in subsidiaries

	Notes	Group 2021 £	2020 unaudited £	Company 2021 £	2020 unaudited £
Investments in subsidiaries	14	-	-	305,000	305,000

#### Movements in fixed asset investments Company

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	305,000
<b>Carrying amount</b>	
At 31 December 2021	305,000
At 31 December 2020	305,000

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Trapstar Collective Limited	UK	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Trapstar Collective Limited	3,404,651	4,168,760

### 15 Stocks

	Group 2021 £	2020 unaudited £	Company 2021 £	2020 unaudited £
Finished goods and goods for resale	1,355,023	605,880	-	-

There were £nil (2020:£nil) stock provision during the period.

### 16 Debtors

	Group 2021 £	2020 unaudited £	Company 2021 £	2020 unaudited £
<b>Amounts falling due within one year:</b>				
Trade debtors	2,022,478	174,671	-	-
Corporation tax recoverable	3,824	2,136	-	-
Amounts owed by group undertakings	-	-	-	398,310
Other debtors	79,985	35,075	-	-
Prepayments and accrued income	99,533	-	-	-
	<u>2,205,820</u>	<u>211,882</u>	<u>-</u>	<u>398,310</u>

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Creditors: amounts falling due within one year

	Group 2021	2020 unaudited	Company 2021	2020 unaudited
Notes	£	£	£	£
Trade creditors	1,912,094	613,556	-	-
Corporation tax payable	874,278	518,593	-	-
Other taxation and social security	1,891,384	912,753	-	-
Deferred income	5,161,544	398,260	-	-
Other creditors	532,568	109,567	-	-
Accruals and deferred income	276,596	2,466	-	-
	<u>10,648,464</u>	<u>2,555,195</u>	<u>-</u>	<u>-</u>

### 18 Share capital

Group and company	2021	2020 unaudited	2021	2020 unaudited
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
A Ordinary of £1 each	5,000	5,000	5,000	5,000
B Ordinary of £1 each	5,000	5,000	5,000	5,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

All shares rank pari passu.

### 19 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021	2020 unaudited	Company 2021	2020 unaudited
	£	£	£	£
Within one year	189,380	95,000	-	-
Between two and five years	257,231	305,041	-	-
	<u>446,611</u>	<u>400,041</u>	<u>-</u>	<u>-</u>

# TRAPSTAR INTERNATIONAL LIMITED

## NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Cash generated from group operations

	2021	2020
	£	unaudited £
Profit for the year after tax	5,846,047	2,225,978
<b>Adjustments for:</b>		
Taxation charged	1,369,996	643,380
Depreciation and impairment of tangible fixed assets	8,351	1,362
Other gains and losses	398,310	-
<b>Movements in working capital:</b>		
Increase in stocks	(749,143)	(110,190)
Increase in debtors	(1,992,250)	(88,495)
Increase in creditors	2,974,300	622,019
Increase in deferred income	4,763,284	398,260
<b>Cash generated from operations</b>	<b>12,618,895</b>	<b>3,692,314</b>

### 22 Directors' transactions

Dividends totalling £1,074,148 (2020 - £349,900) were paid in the year in respect of shares held by the company's directors.

During the year, expenses amounting to £34,152 were paid by the group on behalf of the directors. No finance costs were incurred and there were no fixed repayment terms. The amount owed from the directors of the Group at 31 December 2021 was £23,171 (2020: £6,575).

### 23 Controlling party

There is no controlling part of the group.