

20
£100 cashDON'T
STAPLE**OS AA01**Statement of details of parent law and other
information for an overseas company

Companies House

**POST ROOM
PAID**

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

✗ **What this form is NOT for**
You cannot use this form to
an alteration of manner of
with accounting requirements

THURSDAY



AA9Q0HQ2

A13

29/07/2021

#104

COMPANIES HOUSE

Part 1 Corporate company nameCorporate name of
overseas company ①

The Faction Collective SA

UK establishment
number

B R 0 1 6 2 3 7

→ **Filling in this form**Please complete in typescript or in
bold black capitals.All fields are mandatory unless
specified or indicated by *① This is the name of the company in
its home state.**Part 2 Statement of details of parent law and other
information for an overseas company****A1****Legislation**Please give the legislation under which the accounts have been prepared and
audited.

Legislation ②

Switzerland

② This means the relevant rules or
legislation which regulates the
preparation of accounts.**A2****Accounting principles**

Accounts

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

Please tick the appropriate box.

☐ **No.** Go to **Section A3.**☒ **Yes.** Please enter the name of the organisation or other
body which issued those principles below, and then go to **Section A3.**③ Please insert the name of the
appropriate accounting organisation
or body.Name of organisation
or body ③

Swiss Law - Swiss Std on the Ltd Statutory Examination

OS AA01

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

A3

Audited accounts

Audited accounts

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

Please tick the appropriate box.

☐ **No.** Go to **Part 3 'Signature'**.

☒ **Yes.** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**.

❶ Please insert the name of the appropriate accounting organisation or body.

Name of organisation or body ❶

Swiss Law - Swiss Std on the Ltd Statutory Examination

Part 3

Signature

I am signing this form on behalf of the overseas company.

Signature

Signature

X

Sara Asmoarp, Secretary



X

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

OS AA01

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



Presenter information

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

Contact name	Sara Asmoarp
Company name	The Faction Collectibe SA
	governance@fullstacksupply.co
Address	Faction Collective SA
	C/o Runway East
	20 St Thomas St
Post town	London
County/Region	
Postcode	S E 1 9 R S
Country	UK
DX	
Telephone	+46 734397383



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

You may return this form to any Companies House address:

England and Wales:

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

Scotland:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1

Northern Ireland:

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



Further information

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

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

The Faction Collective SA - Val de Bagnes

Table 1

BALANCE SHEET AS AT 30 JUNE	Notes	2020	2020	2019
		in EURO	In CHF	in CHF
Assets				
Current Assets				
Bank		55'417	59'375	60'567
Cash and cash equivalents		55'417	59'375	60'567
Trade receivables				
- From third parties		514'600	551'358	264'906
- From related parties		1'754'705	1'880'044	19'434
- Bad debt provision		(57'626)	(61'742)	(182'796)
Net trade receivables		2'211'679	2'369'660	101'544
Advance payments to suppliers		119'779	128'335	1'146'280
Other debtors		-	-	(488'832)
Other short term receivables		119'779	128'335	657'448
Inventory	2	2'363'236	2'532'042	2'183'947
Total Current Assets		4'750'111	5'089'412	3'003'507
Non-Current Assets				
Financial assets	3	7'124'805	7'633'729	7'919'454
Vehicles		5'828	6'244	3'368
Manufacturing equipment		823'428	882'245	734'961
Office equipment		116'723	125'061	262'270
Tangible assets	5	945'979	1'013'550	1'000'598
IT infrastructure		92'576	99'189	174'495
Other intangible assets		30'758	32'955	47'481
Intangible assets	6	123'334	132'144	221'976
Total Non-Current Assets		8'194'118	8'779'423	9'142'028
Total Assets		12'944'229	13'868'835	12'145'535

The Faction Collective SA - Val de Bagnes

Table 1

BALANCE SHEET AS AT 30 JUNE	Notes	2020	2020	2019
		in EURO	In CHF	in CHF
Liabilities				
Trade payables				
- To third parties		2'167'441	2'322'261	3'092'724
- To related parties and shareholders		-	-	-
Total trade payables		2'167'441	2'322'261	3'092'724
Credit cards & others		14'446	15'478	20'781
Payables to shareholders (bearing interest)		-	-	121'193
Total short term payables		14'446	15'478	141'974
Pension liabilities		92'613	99'229	1'549
Other payables		588'637	630'683	806'543
Other short term liabilities		681'250	729'912	808'092
Accrued expenses		4'152'236	4'448'830	2'142'559
Total short term liabilities		7'015'373	7'516'481	6'185'349
Loans - third parties		293'897	314'890	-
COVID support loan		529'965	567'820	-
Loans to be converted to Equity		3'005'104	3'219'759	-
Subordinated loans - third parties		3'257'846	3'490'553	4'127'985
Subordinated loans - shareholders		4'076'365	4'367'540	4'577'381
Total long term liabilities		11'163'177	11'960'562	8'705'366
Provision for warranties		108'312	116'049	-
Total provisions		108'312	116'049	-
Total long term liabilities		11'271'489	12'076'611	8'705'366
Total Liabilities		18'286'862	19'593'091	14'890'715
Equity				
Share capital		1'048'820	1'213'991	1'213'991
Reserve for capital contribution		18'878'157	22'037'138	22'037'138
Currency translation adjustment		-	(395'218)	(444'860)
Retained earnings (losses)		(22'471'613)	(25'551'448)	(20'263'049)
Current year earnings (losses)		(2'797'997)	(3'028'720)	(5'288'399)
Accumulated losses		(25'269'610)	(28'580'167)	(25'551'448)
Total Equity		(5'342'633)	(5'724'257)	(2'745'179)
Total Liabilities & Equity		12'944'229	13'868'835	12'145'535

The Faction Collective SA - Val de Bagnes

Table 2

PROFIT AND LOSS ACCOUNT	Notes	2019/2020	2019/2020	2018/2019
		in EURO	In CHF	in CHF
Sales		5'602'110	6'064'060	4'984'873
Other income		83'681	90'581	117'954
Total revenue		5'685'791	6'154'641	5'102'827
Cost of goods sold		(3'530'743)	(3'821'888)	(3'383'065)
Inventory variations		(238'371)	(258'027)	(105'896)
Other direct costs		(76'571)	(82'885)	(99'487)
Other production costs		(623'146)	(674'531)	(467'828)
Total direct expenses		(4'468'831)	(4'837'331)	(4'056'276)
GROSS MARGIN		1'216'960	1'317'310	1'046'551
Personnel		(1'742'482)	(1'886'167)	(1'528'160)
Development costs		(66'411)	(71'887)	(69'850)
Warranty costs		(57'365)	(62'095)	(80'402)
Royalties		(77'853)	(84'273)	(91'275)
Other operating expenses	4	(1'989'790)	(2'153'868)	(3'089'585)
Total other operating expenses		(3'933'901)	(4'258'290)	(4'859'273)
EBITDA		(2'716'941)	(2'940'980)	(3'812'722)
Depreciation		(498'846)	(539'981)	(375'333)
Financial résultat		433'902	469'682	(1'100'344)
RESULT BEFORE TAXES		(2'781'885)	(3'011'279)	(5'288'399)
Direct taxes		(16'112)	(17'441)	-
NET LOSS		(2'797'997)	(3'028'720)	(5'288'399)

Table 3

NOTES TO THE FINANCIAL STATEMENTS

1. Information in relation to the principles used in the preparation of the financial statements

The valuation principles used in the actual financial statements are in accordance with the rules set in the Swiss Code of Obligation on commercial accounting and financial reporting (articles 957 to 962 CO).

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

The financial statements are held in Euro and are converted at year-end into CHF.

Following exchange CHF/EURO rates have been used:	30.06.2020	30.06.2019
Year-end exchange rate:	1.07	1.11
Average exchange rate:	1.08	1.09

Incorporation:

The Faction Collective SA (Ltd) with headquarters in Val de Bagnes (Valais), Switzerland.

Conversion of foreign currencies

Every transaction in foreign currency is converted to EURO based on the exchange rate at the transaction date. At the year end, each asset and liability registered in a foreign currency is converted based on the exchange rate at the closing of the accounts published by the FTA. The profit and loss items are converted with the yearly average exchange rate. The differences of exchange rates are recorded in the equity under conversion translation differences (CTA). Equity components are converted at their historical exchange rate.

Cash and cash equivalents

Cash including the company's holding assets, banking, and postal assets, as well as its short-term investments of maximum 90 days.

Receivables from customers

Debtors are evaluated at the billed amounts, from which value modifications can be made in the case of a doubtful debt. Provisions for doubtful debts are established based on the difference between the amount due, in accordance with the contractual details of the invoice, and the future estimated cash flows. The amount of the estimated potential value loss is recorded in the income statement within provisions for doubtful debts.

Depreciated receivables are recorded as losses when they are considered as unrecoverable.

Inventory

Inventory of components, finished or ongoing products, are valued at the lower of, the "landed cost" and the realizable net value. 'Landed cost' includes the direct costs of the components, general production costs and any other costs necessary to bring all the inventory to the proper condition and to the place they are stored.

The sale of inventory is based on the weighted average cost method.

Table 3

NOTES TO THE FINANCIAL STATEMENTSTangible assets

Tangible assets are evaluated at their acquisition value (or production value), from which cumulated depreciation and potential decreases in value are deducted.

These values consider the expenses related to the acquisition (or production) of the products. Future expenses will be included in the accounting value of the asset or recorded separately as an asset, only if the asset has a potential of generating a future economic benefit for the company and that its cost can be determined precisely.

All other costs of maintenance and repair are recorded in the income statement of the accounting period in which they occurred.

The tangible assets, except for those still in production, are depreciated on a Straight-Line basis. The depreciation policies for each class of tangible asset are as follows:

- Technical facilities, vehicles and equipment - 4 years
- Industrial and commercial tooling including moulds - 5 years
- Computing equipment and others - 3 years

Intangible assets

Intangible assets arising from project development costs are recorded in the assets if the company can show its technical ability to achieve the project to use it or to sell it, as well as its intentions of finishing it. It must also show how the project will eventually generate future economic benefits, and that it has the necessary resources to bring the project to completion, as well as its ability to rigorously evaluate the costs related to the project.

The acquired intangible assets are evaluated at cost, from which cumulated depreciation and potential decreases in value are deducted.

Financial assets

Tangible financial assets are evaluated at their acquisition value (or production value), from which can be deducted cumulated depreciation and potential decreases in value.

Leasing

The leasing contracts, which are, in an economical way, like an asset acquisition with a specific financing method, are recorded in the account of financial leases.

The assets which are financed in such a way are initially accounted at their fair value according to the contract, or at the updated value of all leasing payments, if this amount is inferior. The leasing payment is comprised of two elements: the depreciation and the interest, to get a constant interest on the engagement. The assets under financial leasing are depreciated on the period of lease if it's shorter, otherwise on the estimated period of use.

The leasing agreements in which all risks and profits related to the property of an object are not transferred, are recorded in the account of operational leases.

2. Inventory	30.06.2020	30.06.2020	30.06.2019
	In Euro	In CHF	in CHF
Stock - goods for resale	2'566'124	2'749'422	1'523'310
Stock - goods in transit	0	-	655'172
Stock - assets in use	174'105	186'541	313'824
Provision for obsolete stock	-376'993	(403'921)	(308'359)
Total inventory	2'363'236	2'532'042	2'183'947

3. Financial assets	30.06.2020	30.06.2020	30.06.2019
	In Euro	In CHF	in CHF
Rent Deposit	7'821	8'379	8'685
Investment in subsidiary	16'984	18'197	26'219
Loan Account Canada	1'100'000	1'178'573	1'221'550
Loan Account USA	6'000'000	6'428'580	6'663'000
Total financial fixed assets	7'124'805	7'633'729	7'919'454

Table 3

NOTES TO THE FINANCIAL STATEMENTS

4. Other operating expenses	2019/2020	2019/2020	2018/2019
	in EURO	In CHF	In CHF
Rent	196'979	213'222	245'889
Consumer marketing	506'288	548'037	540'044
Trade marketing	162'851	176'280	243'166
Sales commission	829'420	897'814	1'084'038
Contractors	148'534	160'782	262'986
Repairs and maintenance	9'618	10'411	3'362
Vehicle expenses	115'465	124'986	83'836
Commercial insurance	27'177	29'418	24'358
Telephone and internet	23'491	25'428	25'300
Travel expenses	111'899	121'126	182'830
General expenses	44'044	47'676	297'179
IT expenses	190'739	206'467	133'533
Accounting and fiduciary fees	7'546	8'168	14'133
Notary and legal fees	27'586	29'861	43'289
Other professional Fees	(403'921)	(437'228)	-
Bad debt provisions	(7'926)	(8'580)	(94'358)
Total other operating expenses	1'989'790	2'153'868	3'089'585

5. Tangible assetsInvestments

Designation	Value as per 01.07.2019	Acquisitions or Sales	Total
Vehicles	3'368	2'649	6'017
Manufacturing equipment	734'961	424'674	1'159'635
Office equipment	262'270	(46'617)	215'653
	1'000'598	380'706	1'381'304

Depreciation

Designation	Rate	Depreciation Immediate	Ordinary	Value as per 30.06.2020
Vehicles	33%	-	(228)	6'244
Manufacturing equipment	20%	-	277'389	882'245
Office equipment	33%	-	90'592	125'061
		-	367'753	1'013'550

6. Intangible assetsInvestments

Designation	Value as per 01.07.2019	Acquisitions or Sales	Total
IT infrastructure	174'495	51'243	225'738
Other intangible assets	47'481	31'154	78'634
	221'976	82'397	304'372

Depreciation

Designation	Rate	Depreciation Immediate	Ordinary	Value as per 30.06.2020
IT infrastructure	33%	-	126'550	99'189
Other intangible assets	20%	-	45'679	32'955
		-	172'228	132'144

The Faction Collective SA - Val de Bagnes

Table 3

NOTES TO THE FINANCIAL STATEMENTS

7. Number of employees	30.06.2020	30.06.2019
Full-time equivalent	<250	<250
The full-time equivalent does not exceed 250 employees, as in previous financial year. The company is subject to the limited statutory examination.		

8. Directs and indirect equity investments

<u>Company name, type of entity and headquarter</u>	<u>30.06.2020</u>		<u>30.06.2019</u>	
	<u>Percentage of capital</u>	<u>Percentage of votes</u>	<u>Percentage of capital</u>	<u>Percentage of votes</u>
Faction Collective LLC – USA (share capital of 100 USD)	100	100	100	100
Faction Collective Ltd – Canada (share capital of 1 CAD)	100	100	100	100
Full Stack Supply KK – Japan (share capital of 1'000'000 JPY)	100	100	100	100

9. Off-balance sheet commitments at year-end, i.e., contractual commitments for more than 12 months not accrued

	30.06.2020	30.06.2019
Rental agreement	289'023	397'112

10. Pension liabilities

	30.06.2020	30.06.2019
Allianz pension plan Switzerland	99'229	1'549

11. Other information prescribed by law

All registered shares shall be subject to the transfer restrictions set forth in Article 7 of the Articles of Incorporation. The Board of Directors shall determine the issue price, the beginning of the period of dividend entitlement and the type of contributions required.

CAPITAL INCREASES:

During the following financial year, capital increases occurred in August 2020 and in April 2021. Extraordinary General Shareholder Meetings of the company "The Faction Collective SA", with headquarters in Val de Bagnes (hereafter: the « Company ») decided to authorize the Board of Directors to proceed to a share capital increases.

In August 2020, 1'705'341 new shares for an nominal amount of CHF 170'534.10 have been issued. The additional paid in capital amounts to CHF 3'361'776.

In April 2021, 2'780'447 new shares for an nominal amount of CHF 278'044.70 have been issued. The additional paid in capital amounts to CHF 3'776'944.

Further capital increases are planned to occur during the 2020/2021 financial period and will support the balance sheet in regard to the over-indebtedness situation. Based on the expected losses for financial year 2020/2021 and 2021/2022, additional funds amounting to around CHF 6'000'000 need to be obtained in order to ensure the going concern. The outcome depends on the coming sales.

The Board of Directors may proceed with a share capital increase of the Company not later than by 23 September 2022 through the issuance of up to 4,142,176 fully paid in registered shares of a par value of CHF 0.10, i.e. a total nominal amount of CHF 414,218, in whole or by instalments.

Table 3

NOTES TO THE FINANCIAL STATEMENTS

Furthermore and according to the latest version of the articles of incorporation 1 April 2020, the share capital may be increased conditionally through the issuance of up to 3,008,000 (previously 2,105,170) fully paid in registered shares of a par value of CHF 0.10 each, ie a total nominal amount of CHF 300,800, at the discretion of employees, Directors and creditors of the Company holding options to acquire shares of the Company. The issuance of these options to acquire shares will take place in accordance with an incentive plan issued by the Board of Directors by the Board of Directors (article 5c of the Articles of Incorporation).

COVID 19 CREDIT

In order to support liquidity, the Company has secured a guaranteed COVID-19 loan for a total of CHF 500'000. The interest rate is reviewed annually on 31 March. The first such review occurred on 31 March 2021 and is currently 0%.

The company plans to repay the COVID-19 credit by December 31, 2027.

During the term of the COVID-19 loan, the Company is prohibited from distributing dividends or directors' fees, or repaying capital contributions. Additional restrictions apply to the granting and repayment of loans to group companies and owners.

For the purpose of the provisions relating to over-indebtedness (art. 725 CO) the COVID-19 loan, which is guaranteed up to CHF 500,000, is not considered to be foreign capital (article 24 of the law on joint and several guarantees related to COVID-19).

GOING CONCERN

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

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

Nevertheless, based on the presented business plan, including the 2020/2021 – 2021/2022 budget and the capital increase that will be realized during the second quarter of 2021, the board of directors is of the opinion that the prospects of the Company are positive and that the business will continue to trade for at least the next twelve months.

As mentioned above, the board of directors will proceed with a share capital increase in the form of cash investments and debt conversions. This capital increase will support the short-term going concern status of the Company.

In the meanwhile, loans of shareholders and third parties, in the amount of EUR 7'334'211 (CHF 7'858'093) have been subordinated, the Board of Directors decided to not notified the bankruptcy judge. This support remains essential for the short-term perspective.