

Registered number: 06322816

OMOROVICZA COSMETICS LIMITED

UNAUDITED

AMENDED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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OMOROVICZA COSMETICS LIMITED

COMPANY INFORMATION

Directors	Margaret de Heinrich Stephen de Heinrich
Company secretary	Stephen de Heinrich
Registered number	06322816
Registered office	165 Kensington High Street London W8 6SH
Accountants	Donald Reid Limited Prince Albert House 18a/20 King Street Maidenhead Berkshire SL6 1EF

OMOROVICZA COSMETICS LIMITED

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OMOROVICZA COSMETICS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors

The directors who served during the year were:

Margaret de Heinrich
Stephen de Heinrich

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 October 2018 and signed on its behalf.



Stephen de Heinrich
Director

OMOROVICZA COSMETICS LIMITED

**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF
THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF OMOROVICZA COSMETICS LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2017**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Omorovicza Cosmetics Limited for the year ended 31 December 2017 which comprise the Statement of income and retained earnings, the Balance sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the Board of directors of Omorovicza Cosmetics Limited, as a body, in accordance with the terms of our engagement letter dated 13 August 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Omorovicza Cosmetics Limited and state those matters that we have agreed to state to the Board of directors of Omorovicza Cosmetics Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Omorovicza Cosmetics Limited and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that Omorovicza Cosmetics Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit or loss of Omorovicza Cosmetics Limited. You consider that Omorovicza Cosmetics Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Omorovicza Cosmetics Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



Donald Reid Limited

Prince Albert House
18a/20 King Street
Maidenhead
Berkshire
SL6 1EF
25 October 2018

OMOROVICZA COSMETICS LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover		7,959,599	4,504,566
Cost of sales		(4,437,494)	(2,212,097)
Gross profit		3,522,105	2,292,469
Administrative expenses		(3,062,411)	(2,077,601)
Other operating income		395,893	546,466
Operating profit		855,587	761,334
Total operating profit		855,587	761,334
Interest payable and expenses	5	(187,282)	(15,829)
Profit before tax		668,305	745,505
Profit after tax		668,305	745,505
Retained earnings at the beginning of the year		(1,139,812)	(1,885,317)
		(1,139,812)	(1,885,317)
Profit for the year		668,305	745,505
Retained earnings at the end of the year		(471,507)	(1,139,812)

The notes on pages 6 to 18 form part of these financial statements.

OMOROVICZA COSMETICS LIMITED
REGISTERED NUMBER: 06322816

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	As restated 2016 £
Fixed assets			
Intangible assets	6	112,300	106,120
Tangible assets	7	153,371	26,932
		<u>265,671</u>	<u>133,052</u>
Current assets			
Stocks	8	2,388,457	1,003,994
Debtors: amounts falling due within one year	9	2,771,208	2,500,943
Cash at bank and in hand	10	190,100	224,762
		<u>5,349,765</u>	<u>3,729,699</u>
Creditors: amounts falling due within one year	11	(1,957,067)	(5,001,563)
Net current assets/(liabilities)		<u>3,392,698</u>	<u>(1,271,864)</u>
Total assets less current liabilities		<u>3,658,369</u>	<u>(1,138,812)</u>
Creditors: amounts falling due after more than one year	12	(3,866,680)	-
Net liabilities		<u>(208,311)</u>	<u>(1,138,812)</u>
Capital and reserves			
Called up share capital	13	1,000	1,000
Other reserves	14	262,196	-
Profit and loss account	14	(471,507)	(1,139,812)
		<u>(208,311)</u>	<u>(1,138,812)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

OMOROVICZA COSMETICS LIMITED
REGISTERED NUMBER: 06322816

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 October 2018.



Stephen de Heinrich
Director

The notes on pages 6 to 18 form part of these financial statements.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Omorovicza Cosmetics Limited is a private company limited by shares. The company was incorporated in the United Kingdom and is registered in England and Wales.

1.1 Amended financial statements

These amended financial statements replace the original accounts and are now the statutory accounts. They have been prepared as at the date of the original accounts and not as at the date of the revision and accordingly do not deal with the events between those dates.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date, the company had net liabilities of £208,311 (2016: £1,138,812). However, as the company will continue to be supported by its shareholders and Directors, the Directors consider it appropriate to prepare the financial statements on the going concern basis.

The company has returned a profit each year in the three year period ended 31 December 2017 and the Directors are confident that the company will record a further year's profit and return to a net asset position at the 31 December 2018 year end.

OMOROVICZA COSMETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.3 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 income and retained earnings 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 income and retained earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of income and retained earnings within 'other operating income'.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.6 Finance costs

Finance costs are charged to the Statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

OMOROVICZA COSMETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Website development	-	33 % straight-line
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2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% straight-line
Computer equipment	-	33% straight-line
Assets under construction	-	depreciation will commence when assets are available for use

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 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.

2.14 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 non-puttable ordinary shares.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 income and retained earnings.

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 balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet 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.

2.15 Comparatives

The prior year comparatives have been restated in order to recategorise website development capital expenditure previously recorded as tangible fixed assets as intangible fixed assets. This restatement has resulted in a £106,120 increase in intangible fixed assets as at 31 December 2016, with a corresponding decrease in the carrying value of tangible fixed assets. There has been no impact on overall reserves or on the loss made in the previous year as a result of this restatement as it is a reclassification only.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following have the most significant effect on the amounts recognised in the financial statements:

Bad debt provisions

Provisions are estimated by the company in respect of specific bad debts based upon the age of the debt and knowledge of known issues.

Stock provisions

Provisions are estimated by the company in respect of specific stock items based upon the age and condition of the items and knowledge of known issues.

4. Employees

The average monthly number of employees, including directors, during the year was 29 (2016 - 23).

5. Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	622	370
Other loan interest payable	136,933	-
Other interest payable	49,727	15,459
	<u>187,282</u>	<u>15,829</u>

Included within other loan interest payable is the amount of £128,876 relating to interest accrued on a long term loan owed to a group undertaking. Please see note 14 for full details of this loan.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. Intangible assets

	Website development £
Cost	
Prior Year Adjustment	157,885
At 1 January 2017 (as restated)	157,885
Additions - internal	71,064
At 31 December 2017	228,949
Amortisation	
Prior Year Adjustment	51,765
At 1 January 2017 (as restated)	51,765
Charge for the year	64,884
At 31 December 2017	116,649
Net book value	
At 31 December 2017	112,300
At 31 December 2016 (as restated)	106,120

OMOROVICZA COSMETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Assets under construction £	Total £
Cost or valuation				
At 1 January 2017 (as previously stated)	24,178	185,242	-	209,420
Prior Year Adjustment	-	(157,885)	-	(157,885)
At 1 January 2017 (as restated)	24,178	27,357	-	51,535
Additions	29,561	20,806	98,800	149,167
At 31 December 2017	53,739	48,163	98,800	200,702
Depreciation				
At 1 January 2017 (as previously stated)	13,201	63,167	-	76,368
Prior Year Adjustment	-	(51,765)	-	(51,765)
At 1 January 2017 (as restated)	13,201	11,402	-	24,603
Charge for the year on owned assets	10,997	11,731	-	22,728
At 31 December 2017	24,198	23,133	-	47,331
Net book value				
At 31 December 2017	29,541	25,030	98,800	153,371
At 31 December 2016 (as restated)	10,977	15,955	-	26,932

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

8. Stocks

	2017 £	2016 £
Stocks	2,388,457	1,003,994
	<u>2,388,457</u>	<u>1,003,994</u>

9. Debtors

	2017 £	2016 £
Trade debtors	779,233	716,798
Amounts owed by group undertakings	1,904,739	1,728,143
Other debtors	15,000	15,000
Prepayments and accrued income	72,236	41,002
	<u>2,771,208</u>	<u>2,500,943</u>

10. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	190,100	224,762
	<u>190,100</u>	<u>224,762</u>

OMOROVICZA COSMETICS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Creditors: Amounts falling due within one year

	2017	As restated 2016
	£	£
Trade creditors	892,205	366,748
Amounts owed to group undertakings	92,957	4,119,127
Amounts owed to directors	647,384	400,000
Other taxation and social security	95,234	40,978
Amounts owed under invoice financing facility	25,601	-
Other creditors	3,053	1,373
Accruals and deferred income	200,633	73,337
	<u>1,957,067</u>	<u>5,001,563</u>

Secured creditors

The invoice discounting facility of £25,601 (2016: £Nil) is secured by way of a fixed and floating charge over the assets of the company.

Prior year restatement

The comparatives have been restated in order to show amounts owed to group undertakings as falling due within one year. This restatement has resulted in a £3,841,912 increase in creditors falling due within one year, with a corresponding decrease in creditors falling due after one year. There has been no impact on overall reserves or on the loss made in the previous year as a result of this restatement as it is a reclassification only.

Amounts owed to group undertakings

The amounts owed to group undertakings are unsecured, interest-free and are repayable on demand. The parent company has confirmed that it will provide the company with support as required in order to enable it to remain a going concern for at least a year from the date of the signing of the balance sheet.

12. Creditors: Amounts falling due after more than one year

	2017	2016
	£	£
Amounts owed to group undertakings	3,866,680	-
	<u>3,866,680</u>	<u>-</u>

The loan is unsecured and repayable after two years.

Please see note 14 for full details of this loan.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,000 (2016 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

14. Reserves

Other reserves

Other reserves consist of capital contributions from group companies.

During the year, the company entered into an interest-free loan agreement with Homo Faber Ltd, the parent company. Under the terms of this agreement, the Lender (Homo Faber Ltd) grants to the Borrower (Omorovicza Cosmetics Limited) an unsecured term loan facility of a total principal amount not exceeding £4 million. Until repayment of the Loans in full, interest shall accrue on each Loan at the annual rate of 0%.

Under FRS 102, this arrangement constitutes a financing transaction. Consequently, the loan has been discounted using an interest rate of 3% above base rate, that being the market rate considered appropriate for a similar loan, and the interest charge thereon has been accrued within the profit and loss account. For avoidance of doubt, this interest charge is not payable.

Profit and loss account

Includes all current and prior year period retained profits and losses.

15. 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 £18,207 (2016 - £15,057). Contributions totalling £3,053 (2016 - £1,373) were payable to the fund at the balance sheet date and are included in creditors.

OMOROVICZA COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	50,472	-
Later than 1 year and not later than 5 years	97,189	-
	<u>147,661</u>	<u>-</u>

17. Related party transactions

The company has taken advantage of the exemption allowed by FRS 102 not to disclose transactions with other wholly owned members of the group.

At the year end, included in other creditors is the amount of £647,384 (2016: £400,000) owed by the company to the directors.

18. Controlling party

The directors consider the Sirocco Trust to be the ultimate parent entity. The Trust is established in Bermuda. Stephen de Heinrich, a director of the Company, is a beneficiary of the Trust.