

**REGISTRAR OF  
COMPANIES**

**Mary Kay Cosmetics (UK) Limited**

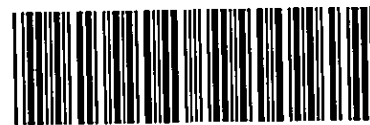
Report and Financial Statements

Year Ended

31 December 2011

Company Number 2767620

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COMPANIES HOUSE

# Mary Kay Cosmetics (UK) Limited

Report and financial statements  
for the year ended 31 December 2011

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## Directors

D Holl  
T Smith  
N Moore

## Secretary and registered office

N Moore, 163 Eversholt Street, London NW1 1BU

## Company number

2767620

## Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Mary Kay Cosmetics (UK) Limited**

## **Report of the directors for the year ended 31 December 2011**

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The directors present their report together with the audited financial statements for the year ended 31 December 2011

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the result for the year. The company made a loss of £1,097,206 (2010 - £921,850) and this amount has been transferred to reserves.

The directors do not recommend the payment of a dividend (2010 - £Nil).

### **Principal activities, trading review and future developments**

The Company offers a range of high quality facial skin care and cosmetics products through its sales force of independent beauty consultants in the United Kingdom.

Turnover has fallen by 9.5% compared to prior year, reflecting the wider difficult trading conditions in the UK. The Company's emphasis has been increasing the independent sales force count and their related productivity rather than the main focus being purely product-driven.

The Directors are satisfied with the trading performance in the year, taking account of the economic conditions that continue to impact the company performance.

### **Charitable donations**

Charitable donations were made during the year of £1,714 (2010 - £5,000).

### **Directors**

The directors of the company during the year were:

D Holl  
T Smith  
N Moore

### **Going concern**

Mary Kay Inc. has confirmed that it is their present intention to continue to support the company financially for at least 12 months from the date of signing these financial statements. On this basis, the directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis in preparing the financial statements.

### **Financial risk management**

The company is a wholly owned subsidiary of Mary Kay Inc. and sources its product from fellow group undertakings. The company and its financial risks (including interest rate and currency risks) are managed as part of the overall Mary Kay Inc. group activities. The company seeks to minimise risks where appropriate, where not covered by group policy.

# Mary Kay Cosmetics (UK) Limited

## Report of the directors for the year ended 31 December 2011 (*continued*)

### Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

In preparing the directors' report advantage has been taken of the small companies exemption under the Companies Act 2006.

### On behalf of the Board

T Smith

  
Director

13 September 2012  
Date

# Mary Kay Cosmetics (UK) Limited

## Independent auditor's report

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### TO THE MEMBERS OF MARY KAY COSMETICS (UK) LIMITED

We have audited the financial statements of Mary Kay Cosmetics (UK) Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Mary Kay Cosmetics (UK) Limited

## Independent auditor's report *(continued)*

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the Directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



*Iain Henderson (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

*12<sup>th</sup> September 2012*

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

# Mary Kay Cosmetics (UK) Limited

## Profit and loss account for the year ended 31 December 2011

|  | Note | 2011<br>£                 | 2010<br>£               |
|--|------|---------------------------|-------------------------|
| <b>Turnover</b>                                    | 1    | <b>4,535,509</b>          | 5,012,267               |
| Cost of sales                                      |      | <u>(2,455,230)</u>        | <u>(2,672,241)</u>      |
| <b>Gross profit</b>                                |      | <b>2,080,279</b>          | 2,340,026               |
| Distribution costs                                 |      | <u>(200,710)</u>          | <u>(253,685)</u>        |
| Administrative expenses                            |      | <u>(3,029,228)</u>        | <u>(3,070,292)</u>      |
| <b>Operating loss</b>                              | 5    | <b>(1,149,659)</b>        | (983,951)               |
| Other interest receivable                          |      | 202                       | 325                     |
| Interest payable                                   | 6    | <u>(19,548)</u>           | <u>(34,357)</u>         |
| <b>Loss on ordinary activities before taxation</b> |      | <b>(1,169,005)</b>        | (1,017,983)             |
| Taxation on loss on ordinary activities            | 7    | <u>(71,799)</u>           | <u>(96,133)</u>         |
| <b>Loss on ordinary activities after taxation</b>  |      | <b><u>(1,097,206)</u></b> | <b><u>(921,850)</u></b> |

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

# Mary Kay Cosmetics (UK) Limited

## Balance sheet at 31 December 2011

| <i>Company number 2767620</i>                         | Note | 2011<br>£        | 2011<br>£          | 2010<br>£        | 2010<br>£          |
|---|------|------------------|--------------------|------------------|--------------------|
| <b>Fixed assets</b>                                   |      |                  |                    |                  |                    |
| Tangible assets                                       | 8    |                  | 153,973            |                  | 202,120            |
| <b>Current assets</b>                                 |      |                  |                    |                  |                    |
| Stocks  | 9    | 292,660          |                    | 393,173          |                    |
| Debtors   |      |                  |                    |                  |                    |
| - due within one year                                 | 10   | 865,384          |                    | 730,157          |                    |
| - due after more than one year                        | 10   | 1,073,487        |                    | 973,825          |                    |
| Cash at bank and in hand                              |      | 498,018          |                    | 268,490          |                    |
|   |      | <u>2,729,549</u> |                    | <u>2,365,645</u> |                    |
| <b>Creditors: amounts falling due within one year</b> | 11   | 6,211,848        |                    | 4,798,885        |                    |
| <b>Net current liabilities</b>                        |      |                  | <u>(3,482,299)</u> |                  | <u>(2,433,240)</u> |
| <b>Total assets less current liabilities</b>          |      |                  | <u>(3,328,326)</u> |                  | <u>(2,231,120)</u> |
| <b>Provisions for liabilities</b>                     | 12   |                  | <u>(45,000)</u>    |                  | <u>(45,000)</u>    |
| <b>Net liabilities</b>                                |      |                  | <u>(3,373,326)</u> |                  | <u>(2,276,120)</u> |
| <b>Capital and reserves</b>                           |      |                  |                    |                  |                    |
| Called up share capital                               | 13   |                  | 100,000            |                  | 100,000            |
| Profit and loss account                               | 14   |                  | (3,473,326)        |                  | (2,376,120)        |
| <b>Shareholders' deficit</b>                          | 15   |                  | <u>(3,373,326)</u> |                  | <u>(2,276,120)</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements were approved by the Board of Directors and authorised for issue on

13/9/12

  
T Smith  
Director

The notes on pages 8 to 16 form part of these financial statements



# Mary Kay Cosmetics (UK) Limited

## Cash flow statement for the year ended 31 December 2011

|   | Note  | 2011<br>£ | 2011<br>£ | 2010<br>£ | 2010<br>£ |
|---|-------|-----------|-----------|-----------|-----------|
| <b>Net cash inflow/(outflow) from operating activities</b>                            | 18    |           | 222,679   |           | (96,922)  |
| <b>Returns on investments and servicing of finance</b>                                |       |           |           |           |           |
| Interest received   |       | 202       |           | 325       |           |
| Interest paid   |       | -         |           | (11,562)  |           |
| <b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b> |       |           | 202       |           | (11,237)  |
| <b>Taxation</b>   |       |           | 7,698     |           | 17,532    |
| <b>Capital expenditure</b>  |       |           |           |           |           |
| Payments to acquire tangible fixed assets   |       |           | -         |           | (212,024) |
| <b>Increase/(decrease) in cash</b>  | 19,20 |           | 230,579   |           | (302,651) |

The notes on pages 8 to 16 form part of these financial statements

# Mary Kay Cosmetics (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2011

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

#### *Going concern*

Mary Kay Inc has confirmed that it is their present intention to continue to support the company financially for at least 12 months from the date of signing these financial statements and have provided a letter of support reflecting this. On this basis, the directors confirm that they have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and they have adopted the going concern basis in preparing the financial statements

#### *Turnover*

Turnover represents sales within the UK to independent beauty consultants, exclusive of VAT

#### *Depreciation*

Depreciation is provided on all tangible fixed assets to write off their cost evenly over their expected useful lives. The annual rates of depreciation are as follows

|                        |   |               |
|------------------------|---|---------------|
| Leasehold improvements | - | Life of lease |
| Computer equipment     | - | 25% per annum |
| Fixtures and fittings  | - | 25% per annum |

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

#### *Operating lease costs*

Operating lease rentals are charged to the profit and loss account in the period to which they relate

Reverse premiums and similar incentives received to enter in to operating lease agreements are released to the profit and loss account over the period to the date on which the rent is first expected to be adjusted to the prevailing market rate

#### *Pension costs*

The company operates a money purchase pension scheme for employees. Company contributions are charged to the profit and loss account in the period to which they relate

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 1 Accounting policies (*continued*)

### *Dilapidations*

Where leases include a clause relating to dilapidation work which must be undertaken before a property is vacated, a provision is made for the estimated costs of the dilapidation repairs, based on the current condition of the property

### *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period except for fixed assets and stocks which are translated at the rates of exchange ruling when the assets were acquired. All exchange gains and losses are credited or charged to the profit and loss account

## 2 Turnover

Turnover, loss before tax and net assets are attributable to operations which geographically originate in the United Kingdom

## 3 Employees

|                        | 2011<br>£      | 2010<br>£      |
|------------------------|----------------|----------------|
| Staff costs consist of |                |                |
| Wages and salaries     | 797,551        | 804,696        |
| Social security costs  | 143,339        | 127,108        |
| Other pension costs    | 21,705         | 25,350         |
|                        | <u>962,595</u> | <u>957,154</u> |

The average number of employees during the year (including directors) was 19 (2010 - 18). All employees are involved in management and administrative activities

## 4 Directors

No directors were paid through the company in the year (2010 - none)

None of the directors have retirement benefits accruing under money purchase pension schemes (2010 - none)

## 5 Operating loss

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| This has been arrived at after charging        |           |           |
| Depreciation of tangible fixed assets          | 48,145    | 23,826    |
| Hire of plant and machinery - operating leases | 120,966   | 99,456    |
| Hire of other assets - operating leases        | 149,753   | 210,875   |
| Auditors' remuneration - audit services        | 38,246    | 37,701    |
| Exchange loss                                  | 3,890     | 45,420    |
|  | <u></u>   | <u></u>   |

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 6 Interest payable

|   | 2011<br>£     | 2010<br>£     |
|---|---------------|---------------|
| Interest payable on intercompany balances | 19,548        | 22,795        |
| Other interest                            | -             | 11,562        |
|   | <u>19,548</u> | <u>34,357</u> |

## 7 Taxation on profit on ordinary activities

|   | 2011<br>£       | 2010<br>£       |
|---|-----------------|-----------------|
| <i>Current tax</i>                        |                 |                 |
| UK corporation tax on profits of the year | (76,871)        | (54,408)        |
| Adjustments in respect of previous years  | 5,072           | (41,725)        |
|   | <u>(71,799)</u> | <u>(96,133)</u> |

The tax assessed for the year differs to the standard rate of corporation tax in the UK. The differences are explained below:

|   | 2011<br>£          | 2010<br>£          |
|---|--------------------|--------------------|
| Loss on ordinary activities before tax  | <u>(1,169,005)</u> | <u>(1,017,983)</u> |
| Loss on ordinary activities at the standard rate<br>of corporation tax in the UK of 26.49% (2010 - 28%) | (309,706)          | (285,035)          |
| Effects of:   |                    |                    |
| Depreciation in excess of capital allowances  | 13,265             | 7,307              |
| Expenses not allowable for tax purposes   | 6,015              | 20,961             |
| Other timing differences  | (871)              | -                  |
| Prior year adjustments  | 5,072              | (41,725)           |
| Unutilised losses   | 214,426            | 179,832            |
| Carry back of losses  | -                  | 22,527             |
| Group relief  | (76,871)           | (54,408)           |
| Receipt for group relief  | 76,871             | 54,408             |
|   | <u>(71,799)</u>    | <u>(96,133)</u>    |

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 7 Taxation on profit on ordinary activities (*continued*)

*Factors that may affect future tax charges*

The unprovided amounts of deferred taxation for timing differences are as follows

|                                | 2011<br>£ | 2010<br>£ |
|--------------------------------|-----------|-----------|
| Accelerated capital allowances | 22,099    | 33,384    |
| Tax losses                     | 492,779   | 305,796   |
|                                | <hr/>     | <hr/>     |
| Deferred tax asset             | 514,878   | 339,180   |
|                                | <hr/>     | <hr/>     |

A deferred tax asset has not been recognised as utilisation is not expected within the foreseeable future

## 8 Tangible assets

|   | Short<br>leasehold<br>improvements<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£ |
|---|---|---|------------|
| <i>Cost</i>                               |   |   |            |
| At 1 January 2011 and at 31 December 2011 | 446,424                                 | 292,065                                     | 738,489    |
|   | <hr/>                                   | <hr/>                                       | <hr/>      |
| <i>Depreciation</i>                       |   |   |            |
| At 1 January 2011                         | 250,207                                 | 286,162                                     | 536,369    |
| Charge for the year                       | 44,486                                  | 3,659                                       | 48,145     |
|   | <hr/>                                   | <hr/>                                       | <hr/>      |
| At 31 December 2011                       | 294,693                                 | 289,821                                     | 584,514    |
|   | <hr/>                                   | <hr/>                                       | <hr/>      |
| <i>Net book value</i>                     |   |   |            |
| At 31 December 2011                       | 151,731                                 | 2,244                                       | 153,975    |
|   | <hr/>                                   | <hr/>                                       | <hr/>      |
| At 31 December 2010                       | 196,217                                 | 5,903                                       | 202,120    |
|   | <hr/>                                   | <hr/>                                       | <hr/>      |

## 9 Stocks

|                  | 2011<br>£ | 2010<br>£ |
|------------------|-----------|-----------|
| Goods for resale | 292,660   | 393,173   |
|                  | <hr/>     | <hr/>     |

There is no material difference between the replacement cost of stocks and the amount stated above

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 10 Debtors

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| <i>Due within one year</i>                     |           |           |
| Trade debtors                                  | 59,033    | 163,610   |
| Other debtors                                  | 391,518   | 365,607   |
| Prepayments                                    | 216,566   | 159,720   |
| Tax and social security                        | 169,815   | -         |
| Corporation Tax                                | 28,452    | 41,220    |
|  | <hr/>     | <hr/>     |
|  | 865,384   | 730,157   |
| <i>Due after more than one year</i>            |           |           |
| Amounts owed by fellow subsidiary undertakings | 1,073,487 | 973,825   |
|  | <hr/>     | <hr/>     |
|  | 1,938,871 | 1,703,982 |
|  | <hr/>     | <hr/>     |

## 11 Creditors, amounts falling due within one year

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| Bank overdraft                                 | 1,291     | 2,342     |
| Trade creditors                                | 103,965   | 67,269    |
| Amounts owed to parent undertaking             | 4,416,320 | 3,200,243 |
| Amounts owed to fellow subsidiary undertakings | 834,788   | 1,000,958 |
| Other taxation and social security             | 477,622   | 188,069   |
| Accruals and deferred income                   | 377,862   | 340,004   |
|  | <hr/>     | <hr/>     |
|  | 6,211,848 | 4,798,885 |
|  | <hr/>     | <hr/>     |

## 12 Provisions for liabilities

|                                 | Dilapidations<br>£ |
|---------------------------------|--------------------|
| At 1 January 2011               | 45,000             |
| Capitalised within fixed assets | -                  |
|                                 | <hr/>              |
| At 31 December 2011             | 45,000             |
|                                 | <hr/>              |

The dilapidations provision is for alterations that will be required to leasehold improvements to return the leased property to its original condition

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 *(continued)*

## 13 Share capital

|                            | 2011<br>Number | Authorised<br>2010<br>Number | 2011<br>£ | 2010<br>£ |
|----------------------------|----------------|------------------------------|-----------|-----------|
| Ordinary shares of £1 each | 500,000        | 500,000                      | 500,000   | 500,000   |
|                            |                |                              |           |           |
|                            | 2011<br>Number | Issued<br>2010<br>Number     | 2011<br>£ | 2010<br>£ |
| Ordinary shares of £1 each | 100,000        | 100,000                      | 100,000   | 100,000   |

## 14 Reserves

|                     | Profit<br>and loss<br>account<br>£ |
|---------------------|------------------------------------|
| At 1 January 2011   | (2,376,120)                        |
| Loss for the year   | (1,097,206)                        |
|                     |                                    |
| At 31 December 2011 | (3,473,326)                        |

## 15 Reconciliation of movements in shareholders' deficit

|                                       | 2011<br>£   | 2010<br>£   |
|---------------------------------------|-------------|-------------|
| Loss for the year                     | (1,097,206) | (921,850)   |
|                                       |             |             |
| Net increase in shareholder's deficit | (1,097,206) | (921,850)   |
| Opening shareholder's deficit         | (2,276,120) | (1,354,270) |
|                                       |             |             |
| Closing shareholder's deficit         | (3,373,326) | (2,276,120) |

# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 16 Commitments and contingencies

As at 31 December 2011, the company had annual commitments under non-cancellable operating leases as set out below

|                               | 2011<br>Land and<br>buildings<br>£ | 2011<br>Other<br>£ | 2010<br>Land and<br>buildings<br>£ | 2010<br>Other<br>£ |
|-------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Operating leases which expire |                                    |                    |                                    |                    |
| Within one year               | 65,000                             | 27,779             | -                                  | 15,937             |
| In two to five years          | 116,956                            | 82,423             | 181,956                            | 64,830             |
|                               | <u>181,956</u>                     | <u>110,202</u>     | <u>181,956</u>                     | <u>80,767</u>      |

The company has a guarantee in favour of HM Customs and Excise of £60,000

## 17 Related party transactions

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties, the nature of these transactions and their total value is shown below

|   | 2011<br>£       | 2010<br>£       |
|---|-----------------|-----------------|
| Product purchased from the manufacturer, Mary Kay Inc, for resale in the United Kingdom on normal trading terms | <u>684,517</u>  | <u>844,721</u>  |
| Consulting services provided to the company by Mary Kay Inc and fellow subsidiary undertakings                  |                 |                 |
| Mary Kay Inc  | <u>446,874</u>  | <u>471,968</u>  |
| Consulting services provided by the Company recharged to Mary Kay Inc and fellow subsidiary undertakings        |                 |                 |
| Pink Rose Information System Services Limited   | <u>(18,000)</u> | <u>(18,000)</u> |
| Intercompany interest payable relating to related party transactions  |                 |                 |
| Mary Kay Inc  | 14,863          | 6,478           |
| Tender Power Inc  | 5               | 18              |
| Mary Kay Worldwide Inc  | 381             | (1)             |
| Fellow subsidiary undertakings  | <u>4,300</u>    | <u>16,300</u>   |



# Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 (*continued*)

## 17 Related party transactions (*continued*)

|  | 2011<br>£ | 2010<br>£ |
|--|-----------|-----------|
| Related party receivables at year end                  |           |           |
| Mary Kay (Czech Republic) s r o                        | 585,364   | 585,364   |
| Mary Kay Cosmetic Poland Sp z o o                      | 306,647   | 306,647   |
| Pink Rose Information System Services Limited          | 161,762   | 81,814    |
|  | <hr/>     | <hr/>     |
| All amounts fall due for payment in more than one year |           |           |
| Related party payables at year end                     |           |           |
| Mary Kay Inc   | 4,416,320 | 3,200,243 |
| Mary Kay Cosmetics GmbH                                | 834,788   | 853,963   |
| Tender Power Inc                                       | -         | 1,105     |
| Mary Kay Worldwide Inc                                 | -         | 145,890   |
|  | <hr/>     | <hr/>     |

## 18 Reconciliation of operating profit to net cash inflow from operating activities

|   | 2011<br>£   | 2010<br>£ |
|---|-------------|-----------|
| Operating loss                                      | (1,149,659) | (983,951) |
| Depreciation  | 48,145      | 23,826    |
| Decrease/(increase) in stocks                       | 100,513     | (8,934)   |
| Increase in debtors                                 | (170,786)   | (147,080) |
| Increase in creditors                               | 1,394,466   | 974,217   |
| Increase in provisions                              | -           | 45,000    |
|   | <hr/>       | <hr/>     |
| Net cash inflow/(outflow) from operating activities | 222,679     | (96,922)  |
|   | <hr/>       | <hr/>     |

## 19 Reconciliation of net cash flow to movement in net funds

|   | 2011<br>£ | 2010<br>£ |
|---|-----------|-----------|
| Increase/(decrease) in cash in the year | 230,579   | (302,651) |
|   | <hr/>     | <hr/>     |
| Change in net funds                     | 230,579   | (302,651) |
|   | <hr/>     | <hr/>     |
| Net funds at 1 January                  | 266,148   | 568,799   |
|   | <hr/>     | <hr/>     |
| Net funds at 31 December                | 496,727   | 266,148   |
|   | <hr/>     | <hr/>     |

## Mary Kay Cosmetics (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2011 *(continued)*

### 20 Analysis of net funds

|                          | At<br>1 January<br>2011<br>£ | Cash<br>flow<br>£ | At<br>31 December<br>2011<br>£ |
|--------------------------|------------------------------|-------------------|--------------------------------|
| Cash in hand and at bank | 268,490                      | 229,528           | 498,018                        |
| Overdrafts               | (2,342)                      | 1,051             | (1,291)                        |
|                          | <hr/>                        | <hr/>             | <hr/>                          |
| Total                    | 266,148                      | 230,579           | 496,727                        |
|                          | <hr/>                        | <hr/>             | <hr/>                          |

### 21 Ultimate parent company

The company is a wholly owned subsidiary of Mary Kay Inc, a company incorporated in the United States of America. The ultimate parent company is Mary Kay Holding Corporation, also incorporated in the United States of America.