

**Babor Cosmetics Limited**  
**Financial Statements**  
**31 December 2016**

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COMPANIES HOUSE

**LEONHERMAN**

Chartered accountant & statutory auditor

7 Christie Way  
Christie Fields  
Manchester  
M21 7QY

**Babor Cosmetics Limited**  
**Financial Statements**  
**Year ended 31 December 2016**

<b>Contents</b>	<b>Page</b>
Statement of financial position	<b>1</b>
Notes to the financial statements	<b>2</b>

**Babor Cosmetics Limited**  
**Statement of Financial Position**  
**31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	4	–	20,561
<b>Current assets</b>			
Stocks	5	–	25,772
Debtors	6	82,884	69,592
Cash at bank and in hand		55,488	30,313
		<u>138,372</u>	<u>125,677</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>288,589</u>	<u>283,389</u>
<b>Net current liabilities</b>		<u>150,217</u>	<u>157,712</u>
<b>Total assets less current liabilities</b>		<u>(150,217)</u>	<u>(137,151)</u>
<b>Net liabilities</b>		<u>(150,217)</u>	<u>(137,151)</u>
<b>Capital and reserves</b>			
Called up share capital		294,100	294,100
Share premium account		51,900	51,900
Profit and loss account		(496,217)	(483,151)
<b>Member deficit</b>		<u>(150,217)</u>	<u>(137,151)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 24 March 2017 and are signed on behalf of the board by:

M O Schummert  
Director

H Robertz  
Director

Company registration number: 04215478

The notes on pages 2 to 8 form part of these financial statements.

**Babor Cosmetics Limited**  
**Notes to the Financial Statements**  
**Year ended 31 December 2016**

**1. General information**

The company is a private company limited by share capital incorporated in England & Wales.

The address of its registered office is:

7 Christie Way  
Christie Fields  
Manchester  
M21 7QY

The address of its principal place of business is:

39 Oxford Road  
Altrincham  
Cheshire  
WA14 2ED

**Principal Activity**

The company's principal activity is that of distribution and sale of luxury skincare products. The company was the UK Distributor for Dr Babor products up to the 1 May 2016. From this date the company continues to lease its original trading premises and now sub-leases this to the new UK distributor for Dr Babor products in the UK.

**2. Statement of compliance**

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

**Going concern**

The financial statements have been prepared on a going concern basis. On the 1 May 2016 the company ceased to be the distributor for Dr Babor products in the United Kingdom and the distribution rights were passed to a new distributor. At the 31 December 2016 the company had had net current liabilities of £150,217 (2015 - £157,712). The company has a loan outstanding and a trade liability outstanding with its parent company, Dr Babor GmbH & Co. KG of £277,930 (2015 - £248,559). Dr Babor GmbH & Co. KG has provided the company with an undertaking for a period of at least 12 months from the date of approval of these financial statements, that it will continue to support the company and in particular will not seek repayment for any liabilities outstanding unless the company has sufficient resources to make such payments and also maintain sufficient funds for its working capital. This support from its parent company should enable the company to continue in operational existence for the foreseeable future. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this understanding, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments which would result from the basis of preparation being inappropriate.

# **Babor Cosmetics Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2016**

### **3. Accounting policies *(continued)***

#### **Transition to FRS 102**

The entity transitioned from previous UK GAAP to FRS 102 as at 1 January 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 16.

#### **Judgements and key sources of estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are addressed below:

##### **(1) Impairment of trade and other debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

#### **Revenue recognition**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT. 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 goods.

Revenue from rental income is recognised over the period to which the rental income relates.

Revenue from recharge of costs is recognised at the point the recharge is raised as this is the point the company has a right to consideration.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis. Lease incentives are recognised on a straight line basis as a reduction in the rental expense over the lease period to the end of the lease. Lease income is recognised in profit or loss on a straight line basis over the lease term.

# **Babor Cosmetics Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 December 2016**

### **3. Accounting policies *(continued)***

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	20% straight line
Fixtures, fittings & equipment	-	10% - 33% straight line

#### **Stocks**

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

#### **Financial instruments**

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

#### **Defined contribution plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

**Babor Cosmetics Limited**  
**Notes to the Financial Statements** *(continued)*  
**Year ended 31 December 2016**

**4 Tangible assets**

	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 January 2016	44,062	98,148	<b>142,210</b>
Disposals	(44,062)	(98,148)	<b>(142,210)</b>
<b>At 31 December 2016</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Depreciation</b>			
At 1 January 2016	40,541	81,108	<b>121,649</b>
Charge for the year	1,600	3,272	<b>4,872</b>
Disposals	(42,141)	(84,380)	<b>(126,521)</b>
<b>At 31 December 2016</b>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Carrying amount</b>			
<b>At 31 December 2016</b>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 December 2015	<u>3,521</u>	<u>17,040</u>	<u>20,561</u>

**5. Stocks**

	<b>2016</b> £	2015 £
Raw materials and consumables	<u>—</u>	<u>25,772</u>

# Babor Cosmetics Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 6. Debtors

	2016 £	2015 £
Trade debtors	73,785	56,259
Other debtors	9,099	13,333
	<u>82,884</u>	<u>69,592</u>

### 7. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,350	2,947
Amounts owed to group undertakings and undertakings in which the company has a participating interest	277,930	248,559
Social security and other taxes	–	18,505
Other creditors	9,309	13,378
	<u>288,589</u>	<u>283,389</u>

### 8. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>129,273</u>	<u>86,572</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>162,721</u>	<u>156,068</u>
<b>Loan commitments measured at cost less impairment</b>		
Loan commitments measured at cost less impairment	<u>116,559</u>	<u>95,438</u>

### 9. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	29,172	27,783
Later than 1 year and not later than 5 years	–	29,172
	<u>29,172</u>	<u>56,955</u>

### 10. Summary audit opinion

The auditor's report for the year dated 30 March 2017 was unqualified.

The senior statutory auditor was Darren Swann FCCA ACA, for and on behalf of Leonherman.



# **Babor Cosmetics Limited**

## **Notes to the Financial Statements** *(continued)*

### **Year ended 31 December 2016**

#### **11. Related party transaction**

During the year the company entered into intercompany transactions with the parent company Dr Babor GmbH & Co. KG. All transactions relating to purchases were at a cost to the company of £46,718 (2015 - £106,782).

At the balance sheet date a total of £277,930 (2015 - £248,559) was due from Babor Cosmetics Limited to Dr Babor GmbH & Co. KG of which £116,559 (2015 - £95,438) is a short term loan and £161,371 (2015 - £153,121) relates to trade payables.

Rent was paid in the prior year to Sheridan Binnie Pension Scheme in accordance with the lease agreement of £27,783 (2015 - £25,200) in the year. The previous directors of Babor Cosmetics Limited Joe Beardwood and Gillian Thorburn had material interest as they are trustees of Sheridan Binnie Pension Scheme.

Consultancy services of £5,583 (2015 £nil) were paid in the year to Sheridan Binnie Limited of which the previous director of Babor Cosmetics Limited has a material interest.

The directors and key management received remuneration of £nil (2015 - £64,850) in the year.

#### **12. Controlling party**

The ultimate parent company is Dr Babor GmbH & Co. Kg a private owned limited partnership registered in Germany and this is the largest group in which the results of the company are consolidated.

The company is controlled by Dr Babor GmbH & Co. Kg who are the ultimate shareholders and they own the entire share capital of the company following a share transfer on the 31st July 2015.

#### **13. Transition to FRS 102**

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 January 2015.

# Babor Cosmetics Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

### 14. Transition to FRS 102 *(continued)*

#### Reconciliation of equity

	1 January 2015			31 December 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Fixed assets	29,986	–	29,986	20,561	–	20,561
Current assets	94,910	–	94,910	125,677	–	125,677
Creditors: amounts falling due within one year	(72,957)	(101,402)	(174,359)	(187,951)	(95,438)	(283,389)
Net current liabilities	21,953	(101,402)	(79,449)	(62,274)	(95,438)	(157,712)
Total assets less current liabilities	51,939	(101,402)	(49,463)	(41,713)	(95,438)	(137,151)
Creditors: amounts falling due after more than one year	(189,855)	101,402	(88,453)	(95,438)	95,438	–
Net liabilities	(137,916)	–	(137,916)	(137,151)	–	(137,151)
Capital and reserves	(137,916)	–	(137,916)	(137,151)	–	(137,151)

#### Reconciliation of profit or loss for the year

No transitional adjustments were required.

The effect of transition to FRS 102 Section 1A is the loan outstanding with the parent company is deemed to be repayable on demand. This has the effect of reclassifying the liability from long term liabilities to short term liabilities.