

Company Registration No. 09915831 (England and Wales)

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION)**  
**LIMITED)**

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2017**

TUESDAY



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12/06/2018  
COMPANIES HOUSE

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**COMPANY INFORMATION**

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<b>Directors</b>	T D Allsworth A N Minto
<b>Company number</b>	09915831
<b>Registered office</b>	Unit 4-5 Sheetglass Road Cullet Drive Queenborough Kent ME11 5JS
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# **REVOLUTION BEAUTY LIMITED**

## **(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present the strategic report for the year ended 31 December 2017.

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

The board of directors monitor the effectiveness of the company operations by considering various key performance indicators. The main indicators are the growth in turnover and profit before tax.

In 2017, the company's turnover increased by 104.8% to £70.9million (2016: £34.6million). Profit before tax increased to £11,831,617 over the prior year (2016: £3,082,884). The company is continuing to consolidate its retail sales position in the UK, whilst expanding into the export market within Europe and the US.

The Statement of Financial Position shows an increased net assets position of £11,975,247 (2016: £2,470,392) which is higher than the prior year due to the strong financial performance in the year.

The company is looking to consolidate its brands going forward to Makeup Revolution London, RevolutionPRO, I Heart Revolution and Obsession Makeup London.

The average number of employees in 2017 increased to 84, (2016: 44) representing the continued growth and investment in the business.

On 7 March 2017, the company's parent, Revolution Beauty Holdings Limited (previously TAM Enterprises Ltd) received investment, in the form of equity, from TSG Consumer Partners, a US based Private Equity house.

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

The company's activities expose it to a number of financial risks including cash flow risk, foreign exchange risk, credit risk and liquidity risk.

#### **Cash flow risk**

Due to the company's structure within the Revolution Beauty Holdings Limited Group the company has minimal exposure. Inter-company payment terms are agreed to enable the company to generate sufficient cash flow to fulfil its obligations.

#### **Foreign exchange risk**

The foreign exchange risk is mitigated by closely monitoring foreign exchange movements and having appropriate terms with suppliers in respect to foreign exchange exposure.

#### **Credit risk**

The company's principal financial assets are bank balances, cash and trade debtors. The company's credit risk is primarily attributable to its trade debtors, and the amounts presented in the balance sheet are net of allowances for doubtful debtors. Credit risk is mitigated by balances being spread over a number of customers and credit control policies.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for on-going operations and future developments, the company uses a mixture of short-term debt finance for capital expenditure together with short term intra-group borrowings.

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Key performance indicators**

	2017	2016	Growth	Growth %
	£'000	£'000	£'000	%
Turnover	70,931	34,629	36,302	104.8%
Profit before tax	11,832	3,083	8,749	283.8%
EBITDA	14,056	3,816	10,240	268.3%

EBITDA is earnings before interest, tax, depreciation and amortisation, and is calculated using profit, before subtracting interest, tax, depreciation and amortisation.

**Going concern**

The directors have reviewed the going concern status of the company by considering the cash and borrowing position of the company at 31 December 2017, its anticipated level of trading activity and the continued availability of the company's bank facilities. The directors note that the company has positive net assets.


Having regard to the above and after making relevant enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from approval of the financial statements.

**Future developments**

Looking ahead, the prospects of Revolution Beauty Limited within a highly competitive market place are positive due to continual investment behind our key brands together with new product development.

On the 16 March 2018, the company changed its name from TAM Beauty (Distribution) Limited to Revolution Beauty Limited.

On behalf of the board

  
 .....  
 T D Allsworth  
 Director  
 Date: 26 April 2018.

**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors present their annual report and financial statements for the year ended 31 December 2017. The comparative period was for 14 December 2015 to 31 December 2016.

**Principal activities**

The company sells and distributes beauty products, makeup, haircare and skincare under a variety of brands. The products are distributed through various channels, including retailers, department store chains, wholesalers, distributors and ecommerce.

**Directors**

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

T D Allsworth  
A N Minto

**Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid during the year (2016: £Nil). The directors do not recommend payment of a final dividend.

**Auditor**

RSM UK Audit LLP were appointed as auditor to the company during the year and have indicated their willingness to continue in office. In accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.


**Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

**Matters of strategic importance**

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on pages 1-2 under S414c(11) of the Companies Act 2006.

On behalf of the board

  
.....  
T D Allsworth  
Director

Date: 26 April 2018

**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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The directors are responsible for preparing the Strategic Report and 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 period. 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;
- 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUTION BEAUTY LIMITED**

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## **Opinion**

We have audited the financial statements of Revolution Beauty Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUTION BEAUTY LIMITED (CONTINUED)

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Suneel Gupta FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB  
United Kingdom  
*26 April 2018*



**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

		<b>Year ended 31 December 2017</b>	<b>Period ended 31 December 2016 as restated</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	70,931,362	34,628,913
Cost of sales		(51,624,149)	(29,264,720)
<b>Gross profit</b>		19,307,213	5,364,193
Administrative expenses		(7,406,660)	(2,202,677)
<b>Operating profit</b>	<b>6</b>	11,900,553	3,161,516
Interest payable and similar expenses	<b>7</b>	(68,936)	(78,632)
<b>Profit before taxation</b>		11,831,617	3,082,884
Taxation	<b>8</b>	(2,367,874)	(612,592)
<b>Profit for the financial year</b>		9,463,743	2,470,292

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	9	422,189		-	
Tangible assets	10	6,152,282		3,557,414	
		<u>6,574,471</u>		<u>3,557,414</u>	
<b>Current assets</b>					
Stocks	11	24,253,064		5,845,573	
Debtors	12	14,742,783		8,424,051	
Cash at bank and in hand		4,244,247		1,218,186	
		<u>43,240,094</u>		<u>15,487,810</u>	
<b>Creditors: amounts falling due within one year</b>	13	(36,310,309)		(15,784,342)	
<b>Net current assets/(liabilities)</b>		<u>6,929,785</u>		<u>(296,532)</u>	
<b>Total assets less current liabilities</b>		<u>13,504,256</u>		<u>3,260,882</u>	
<b>Creditors: amounts falling due after more than one year</b>	14	(1,529,009)		(740,366)	
<b>Provisions for liabilities</b>	17	-		(50,124)	
<b>Net assets</b>		<u>11,975,247</u>		<u>2,470,392</u>	
<b>Capital and reserves</b>					
Called up share capital	20	100		100	
Share based payment reserve	21	41,112		-	
Profit and loss reserves	21	11,934,035		2,470,292	
<b>Total equity</b>		<u>11,975,247</u>		<u>2,470,392</u>	

The financial statements were approved by the board of directors and authorised for issue on 26 April 2018, and are signed on its behalf by:

  
 T D Allsworth  
 Director

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

		Share capital	Share based payment reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
<b>Balance at 14 December 2015</b>		-	-	-	-
<b>Period ended 31 December 2016:</b>					
Profit and total comprehensive income for the period		-	-	2,470,292	2,470,292
Issue of share capital	20	100	-	-	100
<b>Balance at 31 December 2016</b>		100	-	2,470,292	2,470,392
<b>Period ended 31 December 2017:</b>					
Profit and total comprehensive income for the year		-	-	9,463,743	9,463,743
Share based payment charge		-	41,112	-	41,112
<b>Balance at 31 December 2017</b>		100	41,112	11,934,035	11,975,247

**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies**

**Company information**

Revolution Beauty Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 4-5 Sheetglass Road, Cullet Drive, Queenborough, Kent, ME11 5JS.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

**Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Revolution Beauty Holdings Ltd. These consolidated financial statements are available from Companies House.

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

**Prior year adjustment to corresponding amounts of cost of sales**

The directors have reconsidered the presentation of certain costs that have previously been shown within cost of sales. These costs, which in the prior period amounted to £562,000, have been reallocated to administrative costs to better reflect their nature, and thus gross profit has been restated by an equal amount. This has no impact on net profit or net assets for the prior period.

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies (Continued)**

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable for sales of goods to external customers in the ordinary course of business, net of discounts, rebates, returns, value added tax and other sales taxes. Turnover is recognised when both the significant risks and rewards of ownership have been passed to the customer and turnover can be reliably measured, which is generally upon the despatch of goods.

**Research and development expenditure**

Research and development expenditure is written off against profits in the year in which it is incurred.

**Intangible fixed assets other than goodwill**

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

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

Software	33.33% straight line
Website costs	Not yet amortised

Certain intangible fixed assets are not yet in active use, and therefore amortisation has not been recognised on those.

**Tangible fixed assets**

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

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

Plant and machinery	between 10% to 50% straight line
Office equipment	33.33% straight line
Computer equipment	33.33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**Impairment of fixed assets**

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

**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies (Continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

**Stocks**

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

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

**Financial instruments**

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include trade and other debtors and amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

**Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

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

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

**REVOLUTION BEAUTY LIMITED**  
**(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies (Continued)**

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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

***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

***Equity instruments***

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

***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**1 Accounting policies (Continued)**

**Employee benefits**

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

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

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

**Retirement benefits**

The company operates a defined contribution scheme for the benefit of its employees. The amount charged the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

**Share-based payments**

The company issues equity-settled share-based incentives to certain employees in the form of share options and incentive shares and recharges the cost of these to the relevant subsidiary company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed in the relevant subsidiary's accounts on a straight-line basis over the estimated vesting period, based on the estimated number of shares that will eventually vest.

The fair value of incentive shares and share options are measured using the Monte Carlo model. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Cancellations or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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



**REVOLUTION BEAUTY LIMITED  
(FORMERLY TAM BEAUTY (DISTRIBUTION) LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**1 Accounting policies (Continued)**

**Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

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

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

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

The key judgements and estimates applied are:

**Useful lives of property, plant and equipment**

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives of the company's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

**Share based payments**

The fair value of the incentive shares and share options are measured using the Monte Carlo model. The expected life used in the model has been adjusted based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

**3 Turnover and other revenue**

In the opinion of the directors, the whole of the company's turnover for the current and previous period is attributable to the principal activity of the company.

The analysis of turnover by geographical market has not been given as in the opinion of the directors such disclosure would be seriously prejudicial to the interests of the company.

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**4 Employees**

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

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Administration	47	18
Cost of sales	37	26
	<u>84</u>	<u>44</u>

Their aggregate remuneration comprised:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,494,654	918,204
Social security costs	236,334	61,024
Pension costs	2,192	-
Share based payment charge	41,112	-
	<u>2,774,292</u>	<u>979,228</u>

**5 Directors' remuneration**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>550,000</u>	<u>-</u>

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

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration for qualifying services	<u>300,000</u>	<u>-</u>

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**6 Operating profit**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Operating profit for the period is stated after charging/(crediting):		
Exchange (gains)/losses	(375,770)	185,187
Fees payable to the company's auditor for the audit of the company's financial statements	29,500	18,000
Depreciation of owned tangible fixed assets	1,941,060	480,037
Depreciation of tangible fixed assets held under finance leases	214,042	174,828
Cost of stocks recognised as an expense	39,164,079	21,249,791
Share-based payments	41,112	-
Operating lease charges	90,477	56,689
	<u>          </u>	<u>          </u>

Statutory information on remuneration for other services provided by the company's auditors and its associates is given on a consolidated basis in the group accounts of the parent company, Revolution Beauty Holdings Ltd.

**7 Interest payable and similar expenses**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	43,830	39,263
Interest on finance leases and hire purchase contracts	18,920	39,369
Other interest	6,186	-
	<u>          </u>	<u>          </u>
	68,936	78,632
	<u>          </u>	<u>          </u>

**8 Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,468,336	562,468
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(100,462)	50,124
	<u>          </u>	<u>          </u>
Total tax charge	2,367,874	612,592
	<u>          </u>	<u>          </u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
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**8 Taxation (Continued)**

The total tax charge for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit before taxation	11,831,617	3,082,884
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	2,277,586	616,577
Tax effect of expenses that are not deductible in determining taxable profit	85,060	24
Effect of change in corporation tax rate	(7,942)	(1,953)
Permanent capital allowances in excess of depreciation	106,114	-
Research and development tax credit	-	(2,056)
Deferred tax	(92,944)	-
Taxation charge for the period	2,367,874	612,592

**9 Intangible fixed assets**

	<b>Software</b>	<b>Website costs</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
Additions - separately acquired	129,659	150,553	280,212
Transfers	225,503	-	225,503
At 31 December 2017	355,162	150,553	505,715
<b>Amortisation and impairment</b>			
Transfers	83,526	-	83,526
At 31 December 2017	83,526	-	83,526
<b>Carrying amount</b>			
At 31 December 2017	271,636	150,553	422,189
At 31 December 2016	-	-	-

Certain intangible assets are not yet in active use and therefore amortisation has not been recognised in the current year.

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**10 Tangible fixed assets**

	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2017	4,006,660	28,198	177,421	4,212,279
Additions	4,756,789	16,972	118,186	4,891,947
Disposals	(117,626)	-	-	(117,626)
Transfers	-	-	(225,503)	(225,503)
At 31 December 2017	8,645,823	45,170	70,104	8,761,097
<b>Depreciation and impairment</b>				
At 1 January 2017	624,637	8,056	22,172	654,865
Depreciation charged in the year	2,063,312	14,247	77,543	2,155,102
Eliminated in respect of disposals	(117,626)	-	-	(117,626)
Transfers	-	-	(83,526)	(83,526)
At 31 December 2017	2,570,323	22,303	16,189	2,608,815
<b>Carrying amount</b>				
At 31 December 2017	6,075,500	22,867	53,915	6,152,282
At 31 December 2016	3,382,023	20,142	155,249	3,557,414

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	2017 £	2016 £
Plant and machinery	135,623	349,660
Depreciation charge for the year in respect of leased assets	214,042	174,828

**11 Stocks**

	2017 £	2016 £
Finished goods and goods for resale	24,253,064	5,845,573

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**12 Debtors**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	12,155,130	6,417,056
Amounts owed by group undertakings	1,112,461	-
Other debtors	690,098	1,948,037
Prepayments and accrued income	734,756	58,958
	<u>14,692,445</u>	<u>8,424,051</u>
<b>Amounts falling due after more than one year:</b>		
	<b>£</b>	<b>£</b>
Deferred tax asset (note 18)	50,338	-
	<u>50,338</u>	<u>-</u>
<b>Total debtors</b>	<u>14,742,783</u>	<u>8,424,051</u>

**13 Creditors: amounts falling due within one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	15	514,525
Obligations under hire purchase contracts	16	104,245
Trade creditors		19,552,749
Amounts due to group undertakings		6,240,184
Corporation tax		2,468,336
Other taxation and social security		90,989
Other creditors		1,675,986
Accruals and deferred income		5,663,295
		<u>36,310,309</u>
		<u>15,784,342</u>

Obligations under hire purchase contracts are secured against the assets to which they relate.

**14 Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	15	1,529,009
Obligations under hire purchase contracts	16	-
		<u>1,529,009</u>
		<u>740,366</u>

Obligations under hire purchase contracts are secured against the assets to which they relate.

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**15 Borrowings**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank loans	2,043,534	858,645
Payable within one year	514,525	216,490
Payable after one year	1,529,009	642,155

The bank loans are secured by fixed and floating charges over the assets of the company in favour of Natwest.

The bank loans are repayable by instalments over various periods between March 2021 and September 2022. Interest is charged on these loans at various rates between 2.39% and 4.25%.

**16 Finance lease obligations**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Future minimum lease payments due under finance leases:		
Less than one year	107,949	234,468
Between one and five years	-	101,914
	107,949	336,382
Less: future finance charges	(3,704)	(22,624)
	104,245	313,758

**17 Provisions for liabilities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Deferred tax liabilities	-	50,124

**18 Deferred taxation**

The major deferred tax liabilities and assets recognised by the company are:

	<b>Liabilities</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Assets</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Balances:</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fixed asset timing differences	-	50,124	50,338	-

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**18 Deferred taxation (Continued)**

	<b>2017</b>
	<b>£</b>
<b>Movements in the year:</b>	
Liability at 1 January 2017	50,124
Credit to profit or loss	(92,944)
Effect of change in tax rate - profit or loss	(7,518)
	<u>(50,338)</u>
(Asset) at 31 December 2017	<u>(50,338)</u>

The deferred tax asset set out above is expected to reverse and relates to the fixed asset timing differences that are expected to mature within the same period.

**19 Retirement benefit schemes**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	2,192	-
	<u>2,192</u>	<u>-</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the balance sheet date, the company had overpaid contributions of £1,019 (2016: £Nil) which are included within other debtors.

**20 Share capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary of 50p each (2016: 100 Ordinary of £1 each)	50	100
100 'A' Ordinary of 50p each	50	-
	<u>100</u>	<u>100</u>

During the year, the company's share capital was sub-divided, such that each Ordinary share of £1 each was sub-divided into 2 Ordinary shares of 50p each. 100 of the shares were then redesignated as 'A' Ordinary shares.

Ordinary shares carry full voting rights and full rights in respect of dividends and capital distributions (including on winding up).

'A' Ordinary shares carry no rights to receive notice of or attend, speak and vote at any shareholder meeting of the company. They also carry no entitlement, save as may be decided from time to time by the directors of the company, to receive any dividends or other distributions paid by the company.



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**21 Reserves**

**Profit and loss reserves**

The profit and loss reserve represents cumulative profit and loss net of distributions to owners.

**Share based payment reserve**

The share based payment reserve represents the cumulative share based payment expense.

**22 Financial commitments, guarantees and contingent liabilities**

The company has given guarantees on commercial transactions to the maximum of £Nil (2016: £767,000).

**23 Operating lease commitments**

**Lessee**

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

	2017 £	2016 £
Within one year	409,041	51,437
Between one and five years	678,146	178,245
In over five years	22,833	-
	<u>1,110,020</u>	<u>229,682</u>

**24 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2017 £	2016 £
Acquisition of tangible fixed assets	582,793	81,489
	<u>582,793</u>	<u>81,489</u>

**25 Related party transactions**

**Transactions with related parties**

During the year the company entered into the following transactions with related parties:

	Sale of goods 2017 £	2016 £	Purchase of goods 2017 £	2016 £
Other related parties	81,175	-	3,934,909	5,148,346
	<u>81,175</u>	<u>-</u>	<u>3,934,909</u>	<u>5,148,346</u>

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**25 Related party transactions (Continued)**

	<b>Rent paid</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other related parties	70,000	38,000
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts owed to related parties</b>		
Other related parties	2,219,596	2,555,422
	<u>          </u>	<u>          </u>

The following amounts were outstanding at the reporting end date:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Amounts owed by related parties</b>		
Other related parties	155	-
	<u>          </u>	<u>          </u>

The amounts owed to/by related parties are unsecured, interest free and repayable on demand.

Other related parties represent companies with common key management personnel and common shareholders.

**26 Directors' transactions**

During the year the directors loaned the company £1,500,000 (2016: £Nil) and were repaid £970 (2016: £Nil). The loans are interest free and repayable on demand. At the year end £1,499,030 (2016: £Nil) was due to the directors and is shown within other creditors.

**27 Parent company**

The immediate and ultimate parent company is Revolution Beauty Holdings Ltd, which is the largest and smallest group for which consolidated accounts are prepared including Revolution Beauty Limited. The consolidated accounts of Revolution Beauty Holdings Ltd are available to the public and can be obtained from Companies House. The registered office of Revolution Beauty Holdings Ltd is Stalham Business Park, Rushenden Road, Queenborough, Kent, ME11 5HE.