

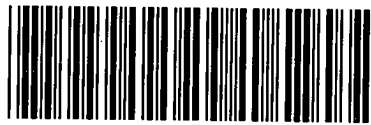
Company Registration No. 03922046

Benefit Cosmetics Limited

Annual Report and Financial Statements

For the year ended 31 December 2021

THURSDAY



ABD2YJGH

A06

22/09/2022

#249

COMPANIES HOUSE

Benefit Cosmetics Limited

Report and financial statements 2021

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	5
Statement of Directors' responsibilities	8
Profit and loss account	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15

Benefit Cosmetics Limited

Report and financial statements 2021

Officers and professional advisers

Directors

Hugues Dusseaux (Resigned 1 January 2021)
Jean-Andre Rougeot (Resigned 1 May 2021)
Andrea Lansbury
Sarah Harbon
Christie Fleischer (Appointed 1 May 2021)

Registered Office

Marconi Building
New Street
Chelmsford
Essex
United Kingdom
CM1 1PH

Bankers

HSBC Bank PLC
8 Canada Square
London
E14 5HQ

Solicitors

Birketts LLP
Brierly Place
New London Road
Chelmsford
Essex
CM2 0AP

Auditor

Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ

Benefit Cosmetics Limited

Strategic report

The Directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

Financial results and future prospects

The Company's results for the financial year are set out in the profit and loss account on page 12. The profit before taxation for the financial year was £2,523,990 (2020: £2,660,822).

As shown in the Company's profit and loss account on page 12, the Company's revenue increased in the year by 1% as trading recovered from the effect of COVID. Profit after tax decreased by 21%.

During the year the Company took advantage of the Government Furlough scheme, receiving £2,070,698 (2020: £4,121,276) as per note 5.

The Company's balance sheet on page 13 of the financial statements shows the Company's net asset position at £12.9m at the end of the period (2020: £10.7m).

Average staff numbers have decreased from 814 in 2020 to 474 in 2021.

Key performance indicators

	2021 £'000	2020 £'000	Variance %
Turnover	48,962	48,901	+1%
Operating profit	2,610	2,756	-5%
Profit before tax	2,523	2,660	-5%
Profit after tax	2,185	2,232	-21%
Equity shareholders' funds	12,866	10,680	+20%
Current assets as % of current liabilities	156%	147%	
Average number of employees	474	814	

Principal risks and uncertainties

The key commercial risks relate to the strength of the retail market, macro economic factors and consumer confidence returning post pandemic. The emergence of new COVID-19 variants impacting restrictions and international travel continue to present a potential challenge.

Ukraine/Russia Conflict

The Directors have considered the impact of economic sanctions on Russia and Russian interests worldwide imposed by the United Kingdom, the United States of America, The European Union and other Western nations in response to Russian forces entering Ukraine on 24 February 2022. The Company has no trading activities or suppliers based in Russia. At this time there has therefore not been nor is there expected to be any significant direct impact for the Company. The Directors continue to monitor the indirect impact of the Ukrainian crisis on rising cost of sales and other operating expenses due to world energy and raw material shortages, but again do not expect the impact to be significant.

Brexit risk

The supply chain was reorganised in preparation for Brexit by relocating the supplying warehouse to the UK. Hence the effect and risk of Brexit related issues on the Company's activities has been and continues to be minimal. The Directors nevertheless continue to monitor developments in regulatory changes as a result of Brexit and strengthen the supply chain where required.

COVID-19 risk

The Company and Parent Company continue to monitor the impacts of macro economic factors and COVID-19 on the operating business, implementing corrective action as required to protect the financial health.

Credit risk

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Company has no significant concentration of credit risk, with exposure spread across many customers.

Benefit Cosmetics Limited

Strategic report (continued)

Statement by the Directors in accordance with s172(1) Companies Act 2006

The revised UK corporate Governance Code (2018 Code) was published in July 2018 and applies to accounting periods beginning on or after January 1, 2020.

The Companies Regulation 2020 requires Directors to explain how they considered the interests of key stakeholders and the broader matters set out in Section 172(1) (A) to (F) of the Companies Act 2006 (S172) when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the Company.

This S172 statement explains how the Company's Directors have:

- Engaged with employees, suppliers, customers, and others
- Had regard to employee interests
- Had regard to the need to foster the Company's business relationships with customers and other.
- Considered the effect of the above in the principal decisions taken by the Company during the financial year.

This Section 172 statement focuses on strategic matter of importance to the Company and the level of information disclosed is consistent with the size and complexity of the business.

General Confirmation of Directors Duties

The Company's Board has a clear framework for determining the matters within its remit. The board operates under clear referential guidelines from the Company and the LVMH Group that determine the matters in its remit.

Clear financial and strategic thresholds are implemented to identify matters which require the consideration and approval of the Company's board, and those which require further consideration and approval of the parent Company or wider LVMH Group.

A clear delegation of authority sets out how the delegation and approval process should be applied throughout the business.

When making decisions, each Director ensures that he/she acts in the way that he/she considers would most likely promote the Company's success for the benefit of its business as a whole.

S172(1) (A) 'The likely consequences of any decision in the long term'

The Directors understand the business and the changing environment and industry in which the Company operates including the economic impact of future Brexit changes and the need for sustainable solutions.

The Company's board operates to deliver in the long term in line with this strategic direction, generate long term value whilst recognising that any long-term success is dependent on business stakeholders.

The Directors recognise that not all decisions may align with all stakeholder groups' interests given the nature of business evolution and wider economic challenges.

Given the strategic direction and the industry requirements in which the Company operates the Directors have taken decisions they believe support the strategic direction of the Company.

S172(1) (B) 'The interests of the Company's employees'

The Directors recognise that the Company's employees are fundamental and key to the success of the business. The success of the Company is dependent on attracting, retaining, and motivating employees.

From health and safety, workplace environment, to pay and benefits, the Directors factor the implications of decisions on employees where relevant and feasible. Being a responsible employer of choice for the Company's workforce is central to the decision-making process.

Benefit Cosmetics Limited

Strategic report (continued)

S172(1) (B) ‘The interests of the Company’s employees’ (continued)

The Company engages with employees through a variety of means on a regular basis. This includes regular companywide meetings, conferences and smaller group sessions. The LVMH Group issues an employee engagement survey every two years and the Company itself conducts similar surveys via external consultants.

S172 (1) (C) ‘The need to foster the Company’s business relationships with suppliers, customers and others’

Delivering the Company’s strategy requires strong mutually beneficial relationships with customers and suppliers.

The business regularly assesses levels of confidence from its customer base.

Any strategic decision is considered in the context of the impact on stakeholders and early involvement and communication is actively encouraged.

The Directors receive regular updates and information on a variety of topics in the day to day business, and also on strategic projects as to how these stakeholders have been engaged and the impact assessed.

S172(1) (D) ‘The impact of the Company’s operations on the community and the environment’

The Company’s board ensure that any environmental impacts are considered in all decision-making processes.

The Directors have regular updates on the activities ongoing in the business and have been engaged in how the business is supporting the UK in the current Covid-19 pandemic. The business has worked hard to ensure it could continue to operate throughout the pandemic lockdown notwithstanding that stores were closed, by developing the online sales channels for example.

S172(1) (E) ‘The desirability of the Company maintaining a reputation for high standards of business conduct’

The Company works under clear frameworks which are approved by the board including Ethics and Compliance policies throughout the business. The board works with the wider Company’s business to ensure the standards throughout the business are maintained. The board is informed on a regular basis and monitors compliance on both a monthly and annual basis.

S172(1) (F) ‘The need to act fairly between members of the Company’

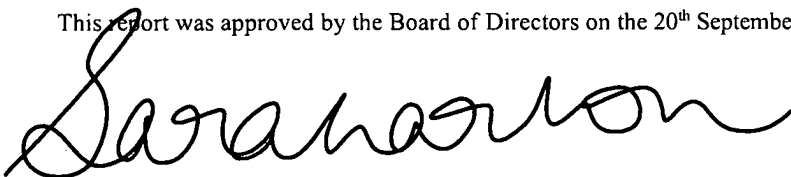
After weighing up all relevant factors, the Directors consider which course of action best enables delivery of the Company’s strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the Directors act fairly in regard to the Company’s members, but are not required to balance the Company’s interests with those of other stakeholders where there cannot realistically be fully aligned.

Future developments

The Company recognises the shift of consumer spending from the high street to online platforms and plans to develop this channel further to take advantage of the change in consumer behaviour, whilst continuing to effectively manage opportunities in traditional retail outlets.

Approval

This report was approved by the Board of Directors on the 20th September 2022 and signed on its behalf by:



Sarah Harbon

Director

Benefit Cosmetics Limited

Directors' report

The Directors present their report on the affairs of the Company together with financial statements and the auditor's report for the financial year ended 31 December 2021.

Going concern

On the basis of assessment of the Company's forecasted financial position and the letter of support obtained from the Parent Company, the Directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies note.

Principal risks and uncertainties

Details of principal risks and uncertainties can be found in the Strategic report on page 2 and form part of this report by cross reference.

Results and dividends

The profit for the financial year, after taxation, amounted to £2,185,924 (2020: £2,232,324). During 2021 a dividend of £Nil (2020: £Nil) was paid to the Company's parent Company in the USA.

Future developments

Details of future developments can be found in the Strategic report on page 4 and form part of this report by cross reference.

Principal activities and review of the business

The principal activity of the Company during the financial year was the wholesale and distribution of cosmetic, skincare and fragrance products primarily in the United Kingdom. The Company started to rebuild the business and continued to manage its cost base to recover from the adverse effects of the COVID pandemic in the prior year.

Directors of the Company

The Directors who served throughout the year were:

Sarah Harbon

Andrea Lansbury

Christie Fleischer (Appointed 1 May 2021)

Hughes Dusseaux (Resigned 1 January 2021)

Jean-Andre Rougeot (Resigned 1 May 2021)

Charitable donations

During the financial year, the Company declared charitable donations of £74,358 (2020: £ Nil). This donation was split equally between the national charities Refuge and Look Good Feel Better as part of the Bold is Beautiful campaign and paid in January 2022.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Benefit Cosmetics Limited

Directors' report (continued)

Employee involvement

Regular meetings are held between local management and employees to allow a free flow of information and ideas. These meetings also provide employees with an opportunity to give feedback or inquire about any topics of concern.

SECR Carbon Reporting

It is now a requirement of large organisations to include energy and carbon data in their Annual Reports, under the SECR Regulations. We have reviewed the relevant activities, relating to buildings and business travel, and made the calculations, as shown below.

Our SECR carbon emissions for our calendar year 2021 amounted to 118 tCO₂e, with 48% arising from electricity consumption.

Since last year, overall emissions have fallen by 9%.

Energy & Carbon Data

SECR Energy & Carbon Emissions (kWh & tCO₂e)

	Unit	2021	2020	% change
Energy consumption	kWh	526,044	577,052	
Scope 1 - Direct Emissions	tCO ₂ e	53.3	64.1	
Scope 2 - Energy Indirect Emissions	tCO ₂ e	56.7	59.3	
Scope 3 - Other Indirect Emissions	tCO ₂ e	7.8	5.9	
Total Emissions	tCO₂e	117.8	129.3	-9%
Relative Emissions, normalised by turnover	tCO₂e/£m	2.4	2.8	-14%

Energy Efficiency Projects

While the ongoing pandemic continues to affect our operations, ensuring that our boutiques and offices are safe for our customers and staff, we are now also speaking to our retailers about sustainability and reducing our carbon footprint.

To reduce our electricity consumption we are replacing lighting with low energy LED bulbs and push light controls will soon be installed in offices and back-areas that are not in use full time. Staff are reminded to turn off equipment when not in use and power down at the end of the day.

Working with our warehouse and retailers, along with orders via the Benefit UK website, we manage our deliveries to reduce delivery frequencies, and therefore reducing overall mileage.

Packaging of products ordered online is now totally recyclable and sized appropriately to the item, thus reducing material usage and transport issues.

SECR Emissions Calculations - Methodology

We have reported on all of the emission sources required by Streamlined Energy and Carbon Reporting (SECR), under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. These sources fall within our consolidated financial statement.

We have followed the methodology of ISO 14064-1 (Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals) and emission factors from UK Government GHG Conversion Factors for Company Reporting 2021. In order to track progress, historic data was recalculated using current emissions factors (hence carbon figures for last year differ slightly from those reported in our previous Annual Report).

For SECR reporting, Scope 1 (Direct) emissions are those arising from natural gas heating and company vehicles. Scope 2 (Energy Indirect) emissions are from electricity. Scope 3 (Other Indirect) emissions come from grey fleet and hire vehicles.

Benefit Cosmetics Limited

Directors' report (continued)

Important events since the financial year end

The Company's handling of the COVID-19 crisis is described in the Strategic Report on page 2 and forms part of this report by cross reference. Whilst this still has the potential to affect future business, management plans to take advantage of all opportunities within remaining stores for counter reinvigoration and the installation of free-standing display units in order to counteract this effect, along with capitalising on the shift of consumer purchasing to online.

The Directors continue to monitor the effects of the Ukrainian Crisis, but it is not anticipated that this will have any significant impact for the Company.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Constantin have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 20th September 2022 and signed on behalf of the Board by:



Sarah Harbon
Director

Benefit Cosmetics Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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) including FRS 101 "Reduced Disclosure Framework". 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Benefit Cosmetics Limited

Independent auditor's report to the members of Benefit Cosmetics Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Benefit Cosmetics Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31st December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. 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.

Benefit Cosmetics Limited

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making

Benefit Cosmetics Limited

accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and internal audit reports.

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

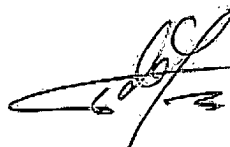
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our 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.

Thierry de Gennes, ACA (Senior statutory auditor)
For and on behalf of Constantin
Chartered Accountants and Statutory Auditor



25 Hosier Lane
London
EC1A 9LQ

Date: 20 September 2022

Benefit Cosmetics Limited

Profit and loss account Year ended 31 December 2021

	Notes	2021 £	2020 £
Revenue	4	48,962,421	48,901,064
Cost of sales		(23,483,470)	(25,662,993)
Gross profit		25,478,951	23,238,071
Other Income	5	2,070,698	4,121,276
Distribution costs		(3,567,937)	(3,488,629)
Administrative expenses		(21,371,272)	(21,114,525)
Operating profit		2,610,440	2,756,193
Finance income	6	862	13,103
Finance costs	6	(87,312)	(108,474)
Profit before taxation	7	2,523,990	2,660,822
Taxation	11	(338,066)	(428,498)
Profit for the year		2,185,924	2,232,324

The above profit is from continuing operations.

2021 Revenue includes a reduction for costs of £516,394 relating to early settlement discounts earned by customers. In 2020 costs of this nature (£433,966) were classified as administrative expenses and remain therein in the 2020 numbers above.

There are no recognised gains or losses other than as shown above. Accordingly, no separate statement of other comprehensive income is presented.

The notes on pages 15 to 30 form an integral part of these financial statements.

Benefit Cosmetics Limited

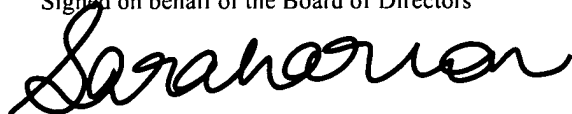
Balance sheet As at 31 December 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	12	2,350,797	1,829,470
Right-of-use assets	13	4,908,245	5,487,667
Investment in subsidiary	14	1	1
Deferred Tax	11(c)	519,823	722,910
		<hr/> 7,778,866	<hr/> 8,040,048
Current assets			
Inventories	15	893,775	1,098,012
Trade and other receivables	16	14,174,801	13,366,257
Cash and cash equivalents		10,178,265	8,105,983
		<hr/> 25,246,841	<hr/> 22,570,252
Liabilities: amounts falling due within one year	17	(16,154,798)	(15,324,949)
Net current assets		<hr/> 9,092,043	<hr/> 7,245,303
Total assets less current liabilities		<hr/> 16,870,909	<hr/> 15,285,351
Liabilities: amounts falling due after more than one year	18	(4,004,742)	(4,605,108)
Net Assets		<hr/> 12,866,167	<hr/> 10,680,243
Equity			
Share capital	19	2,000,100	2,000,100
Retained Earnings		10,866,067	8,680,143
Equity attributable to owners of the Company		<hr/> 12,866,167	<hr/> 10,680,243

The financial statements of Benefit Cosmetics Limited, registered number 03922046 were approved by the Board of Directors on 20th September 2022.

The notes on pages 15 to 30 form an integral part of these financial statements.

Signed on behalf of the Board of Directors



Sarah Harbon
Director

Benefit Cosmetics Limited

Statement of changes in equity For the year ended 31 December 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020	2,000,100	6,447,819	8,447,919
Total comprehensive income	-	2,232,324	2,232,324
Balance at 31 December 2020	2,000,100	8,680,143	10,680,243
Total comprehensive income	-	2,185,924	2,185,924
Balance at 31 December 2021	2,000,100	10,866,067	12,866,167

The notes on pages 15 to 30 form an integral part of these financial statements.

**Notes to the financial statements
Year ended 31 December 2021**

1. General information

Benefit Cosmetics Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic and Directors' reports on pages 2 to 7. The Company is a private Company limited by shares and is registered in England and Wales.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Adoption of new and revised Standards

There was no adoption of new or revised Standards in the current or prior year.

2. Significant accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are separate financial statements. The Company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Benefit Cosmetics LLC. Details of the parent in whose consolidated financial statements the Company is included are shown in note 23 to the financial statements.

Benefit Cosmetics Limited

Notes to the financial statements (continued) **Year ended 31 December 2021**

2. Significant accounting policies (continued)

Basis of accounting (continued)

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of LVMH Moët Hennessy-Louis Vuitton SE. The group accounts of LVMH Moët Hennessy-Louis Vuitton SE are available to the public and can be obtained as set out in note 23. The principal accounting policies adopted are set out below.

In accordance with the provisions of FRS101 and Section 401 of the Companies Act 2006, the Company has taken advantage of the exemption available to it from the requirement to prepare consolidated financial statements on the grounds that it is included in the consolidated financial statements of the ultimate parent Company.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The Directors' report also describes the financial position of the Company and the principal risks and uncertainties the Company is exposed to.

The Company is part of the LVMH Group which operates under an "Automatic Short-term Cash-pool system". The various companies of the LVMH Group pool their cash operations in order to rationalise the management of available funds and financial requirements existing within the Group. The effect of the Cash-pool system within the LVMH Group is that Benefit Cosmetics Ltd does not have an external third party cash balance.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence. Having obtained a letter of support from the Parent Company they are of the opinion that the Company is a going concern despite the risks to the business from the COVID-19 crisis. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fixed Assets

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold improvements – 5 years

Store fittings – 3 years

Office furniture and equipment – 3 years

At each balance sheet date, the Company reviews the carrying amounts of its tangible 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

2. Significant accounting policies (continued)

Fixed asset investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provisions are made for obsolete and discontinued items.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

Current tax, including UK corporation tax, is provided at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible.

The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

2. Significant accounting policies (continued)

Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

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

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

The Company may accept the return of unsold or outdated products from their customers. Where this practice is applied, revenue and the corresponding trade receivables are reduced by the amount of such returns. The estimated rate of returns is based on statistics of historical returns.

Dividend and interest income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the financial year. Differences between contributions payable in the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currencies

The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

2. Significant accounting policies (continued)

Foreign currencies (continued)

Transactions in currencies other than the functional currency are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Operating lease agreements

Under IFRS 16, leases are recognised as a right-of-use asset. A corresponding liability at the date at which the leased asset is available for use by the Company is also recognised.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases held by the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate the Company uses rates generated by the LVMH Group. These are generally based on the total of the risk-free rate for the lease currency, with respect to the duration, and the Group's credit risk for this same reference currency and term.

Lease payments are allocated between principal and finance costs. The finance costs are charged to profit or loss over the lease period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Termination options are included in several the Company's property leases. Termination options are only included in the lease term of the lease if it is reasonably certain that the option will be exercised.

Benefit Cosmetics Limited

Notes to the financial statements (continued) **Year ended 31 December 2021**

2. Significant accounting policies (continued)

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet 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 of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

2. Significant accounting policies (continued)

Government Grants

Due to the Covid-19 pandemic and the closure of business under UK Government legislation, the business utilised the furlough scheme whereby the Government contributed towards the wage costs of the business. The amounts received are reported under other income in the financial statements. The income is reported in the period that the relief relates to.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2 above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements

Revenue recognition

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 delivery of the goods.

Returns policy

The Company may accept the return of unsold or outdated products from its customers. Where this practice is applied, revenue and the corresponding trade receivables are reduced by the estimated amount of such returns. The estimated rate of returns is based on statistics of historical returns.

Key sources of estimation uncertainty

Product Recall Policy

In the event of a product recall, the expected returns are included as a reduction to revenue. Estimated returns are based on stock level information provided by retailers. Recalled goods are included within inventory at their net realisable value.

4. Revenue

An analysis of the Company's revenue is as follows:

	2021 £	2020 £
Continuing operations		
Sales of goods and salon services	48,962,421	48,901,064

Revenue is the amount derived from ordinary activities, and stated after trade discounts, other sales taxes and net of VAT

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

4. Revenue (continued)

An analysis of the Company's revenue by class of business and geographical market is set out below.

	2021 £	2020 £
United Kingdom	48,728,932	48,706,870
Rest of Europe	64,375	61,163
Rest of World	169,114	133,031
	<u>48,962,421</u>	<u>48,901,064</u>

2021 Revenue includes a reduction for costs of £516,394 relating to early settlement discounts earned by United Kingdom customers. In 2020 costs of this nature (£433,966) were classified as administrative expenses and are therefore not included within the 2020 values above.

5. Other Income

Income from Government Support

	2021 £	2020 £
Amounts received from Furlough reclaims	<u>2,070,698</u>	<u>4,121,276</u>

6. Finance income and charges

	2021 £	2020 £
Interest receivable and similar income		
From group undertakings	710	8,687
On corporation tax repayments	<u>152</u>	<u>4,416</u>
	<u>862</u>	<u>13,103</u>
Interest payable and similar charges		
On lease liabilities	81,724	108,474
On corporation tax payments	<u>5,588</u>	<u>-</u>
	<u>87,312</u>	<u>108,474</u>

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

7. Profit before taxation

Profit before taxation is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned fixed assets	1,018,126	1,104,841
Depreciation of right-of-use assets		
- Land and buildings	964,600	850,491
- Plant and machinery	224,328	320,431
Foreign exchange loss/(gain)	36,570	(12,120)
Loss on disposal of fixed assets	18,503	81,428
	<hr/>	<hr/>

8. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	24,700	21,900
	<hr/>	<hr/>

No other fees were payable to Constantin and their associates for non-audit services to the Company (2020: £nil).

9. Staff costs

The monthly average number of employees (including executive Directors) during the financial year was:

	2021 Number	2020 Number
Administrative staff	88	105
Sales staff	386	709
	<hr/>	<hr/>
	474	814
	<hr/>	<hr/>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	9,538,285	14,346,269
Social security costs	782,720	1,039,296
Staff pension contributions (note 20)	305,974	320,284
	<hr/>	<hr/>
	10,626,979	15,705,849
	<hr/>	<hr/>

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

10. Directors' remuneration and transactions

	2021 £	2020 £
Directors' remuneration		
Emoluments	480,459	506,789
Company contributions to money purchase pension schemes	43,028	40,043
	<u>523,487</u>	<u>546,832</u>

	2021 Number	2020 Number
The number of Directors who:		
Are members of a money purchase pension scheme	2	2
	<u>2</u>	<u>2</u>

	2021 £	2020 £
Remuneration of the highest paid Director:		
Emoluments	346,012	360,562
Company contributions to money purchase pension schemes	6,667	8,333
	<u>352,679</u>	<u>368,895</u>

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

10. Directors' remuneration and transactions (continued)

The highest paid Director is a member of the Company's defined contribution retirement benefit scheme. As at 31 December 2021 employer contributions of £833 (2020: £3,167) due in respect of the individual in the current reporting period had not been paid over to the scheme and are included in 'Other creditors' (note 17).

There were no transactions with Directors other than the receipt of emoluments which would need to be disclosed in these financial statements.

11. Tax charge on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge comprises:

	Notes	2021 £	2020 £
Current tax:			
UK Corporation tax		199,441	512,421
Adjustments in respect of previous periods		(64,462)	(87,227)
Total current tax		134,979	425,194
Deferred tax:			
Origination and reversal of timing differences	11 (c)	346,556	3,278
Adjustment in respect of previous periods	11 (c)	(56,873)	26
Effect of tax rate change on opening balance		(86,596)	-
Total deferred tax	11 (c)	203,087	3,304
Tax on profit on ordinary activities	11 (b)	338,066	428,498

(b) Factors affecting current tax charge

The differences are reconciled below:

	Notes	2021 £	2020 £
Profit on ordinary activities before taxation		2,523,990	2,660,822
Profit on ordinary activities for the financial year multiplied by standard rate of corporation tax in the UK of 19%		479,558	505,556
Expenses not deductible for tax purposes		(16,734)	10,143
Rate differences on deferred tax		83,173	-
Adjustments to tax charge in respect of previous periods		(207,931)	(87,201)
Total tax	11 (a)	338,066	428,498

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

11. Tax charge on profit on ordinary activities (continued)

(c) Deferred tax

	Notes	2021 £	2020 £
Capital allowances in arrears of depreciation		513,898	717,283
Other timing differences		5,925	5,627
Deferred tax asset		519,823	722,910
At 31 December 2020		722,910	726,214
Profit and loss account	11 (a)	(203,087)	(3,304)
At 31 December 2021		519,823	722,910

A deferred tax asset has been recognised as it is considered probable that there will be future taxable profits available.

Budget announcements

An increase in the UK corporation tax rate was announced in the 2021 Budget which would increase the rate to 25% from 1 April 2023. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods subject to this increased rate. The rate change has been included in Finance Bill 2021 and was substantively enacted on 24 May 2021 and therefore deferred tax is calculated using the 25% corporation tax rate.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

12. Property, plant and equipment

	Leasehold improvements £	Store fittings £	Office furniture and equipment £	Assets under construc- tion £	Total £
Cost					
At 1 January 2021	1,247,051	8,619,278	421,078	271,534	10,558,941
Additions	-	1,343,756	50,568	164,529	1,558,853
Disposals	-	(120,190)	-	-	(120,190)
Transfers	-	158,722	-	(158,722)	-
At 31 December 2021	1,247,051	10,001,566	471,646	277,341	11,997,604
Depreciation					
At 1 January 2021	971,298	7,357,458	400,715	-	8,729,471
Charge for the year	275,507	721,931	20,689	-	1,018,127
Disposals	-	(100,791)	-	-	(100,791)
At 31 December 2021	1,246,805	7,978,598	421,404	-	9,646,807
Net book value					
At 31 December 2021	246	2,022,968	50,242	277,341	2,350,797
At 31 December 2020	275,753	1,261,820	20,363	271,534	1,829,470

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

13. Right-of use assets

	Land and buildings £	Plant and equipment £	Total £
Cost			
At 1 January 2021	6,864,471	735,325	7,599,796
Additions	469,234	64,695	533,929
Derecognition	(238,314)	(183,457)	(421,771)
Revaluation	-	75,577	75,577
At 31 December 2021	<u>7,095,391</u>	<u>692,140</u>	<u>7,787,531</u>
Depreciation			
At 1 January 2021	1,606,962	505,167	2,112,129
Charge for the year	964,599	224,329	1,188,928
Derecognition	(238,314)	(183,457)	(421,771)
At 31 December 2021	<u>2,333,247</u>	<u>546,039</u>	<u>2,879,286</u>
Carrying amount			
At 31 December 2021	<u>4,762,144</u>	<u>146,101</u>	<u>4,908,245</u>
At 31 December 2020	<u>5,257,509</u>	<u>230,158</u>	<u>5,487,667</u>

During the year £1,270,652 (2020: £1,279,395) was recognised as an expense in the profit and loss account in respect of capitalised operating leases. The total cash outflow in relation to these leases in 2021 was £1,281,257 (2020: £1,382,595).

14. Investment in subsidiary

	£
At 31 December 2021 and 31 December 2020	<u>1</u>

The above investment represents 100% of the issued ordinary share capital of Benefit Cosmetics Ireland Limited, a private Company limited by shares and registered in Ireland. The Registered office for Benefit Cosmetics Ireland is 5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, D02 DH60. Benefit Cosmetics Ireland's principal activity is the wholesale of cosmetics and skincare products within Ireland. Consolidated financial statements have not been prepared as per note 2.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

15. Inventories

	2021 £	2020 £
Finished goods	893,775	1,098,012

The difference between purchase price of inventories and their replacement cost is not material.

16. Trade and other receivables: Amounts falling due within one year

	2021 £	2020 £
Trade debtors	12,610,466	12,527,022
Amounts owed by group undertakings	236,010	105,030
Other receivables	1,328,325	734,205
	<u>14,174,801</u>	<u>13,366,257</u>

Amounts receivable by group undertakings carry interest at nil per cent, are unsecured and are payable on demand.

17. Liabilities: amounts falling due within one year

	2021 £	2020 £
Trade creditors	240,113	245,026
Amounts owed to group undertakings	6,917,833	5,990,056
Lease Liabilities	959,311	951,255
Corporation tax	95,993	463,390
Other taxation and social security	695,893	646,166
Other creditors	3,381,248	2,814,476
Accruals and deferred income	3,864,407	4,214,580
	<u>16,154,798</u>	<u>15,324,949</u>

Amounts repayable to group undertakings carry interest at nil per cent, are unsecured and are repayable on demand.

Benefit Cosmetics Limited

Notes to the financial statements (continued) Year ended 31 December 2021

18. Liabilities: amounts falling due after more than one year

	2021 £	2020 £
Lease Liabilities	4,004,742	4,605,108

19. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid 2,000,100 ordinary shares of £1 each	2,000,100	2,000,100

20. Retirement benefit schemes

The Company operates a defined contribution retirement benefit scheme for its Directors and employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The total cost charged to administrative expenses of £305,974 (2020: £320,284) represents contributions payable to those schemes by the Company. As at 31 December 2021 contributions of £23,725 (2020: £29,617 due in respect of the current reporting period had not been paid over to the schemes and are included in 'Other creditors' (note 17).

21. Ultimate parent undertaking and controlling party

The Directors regard LVMH Moët Hennessy-Louis Vuitton SE, a Company incorporated in France, as the ultimate parent undertaking and controlling party.

Benefit Cosmetics LLC, a Company incorporated in the USA is the parent of the smallest group of which the Company is a member and for which group financial statements are prepared. Copies of these financial statements can be obtained from their registered address 225 Bush Street, 20th Floor, San Francisco, CA 94104.

LVMH Moët Hennessy-Louis Vuitton SE is the parent undertaking of the largest group of which Benefit Cosmetics Limited is a member and for which group financial statements are drawn up. Copies of these group financial statements are available from their registered address 22 Avenue Montaigne, 75008 Paris, France.