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MARIE CLAIRE BEAUTY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE

52 WEEK PERIOD 4 DECEMBER 2017 TO 2 DECEMBER 2018

COMPANY NUMBER 09252560

Contents

Company Information

Directors	Neill Abrams Andrea Davies Richard Exact Richard Locke Amanda Scott Justine Southall
Company secretaries	Robert Cooper Ruth Sutton
Company number	09252560
Registered office	Aquarius House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH
Independent auditor	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

Strategic Report

The Directors present their strategic report of Marie Claire Beauty Limited (the "Company") for the 52 week period 4 December 2017 to 2 December 2018.

Principal activities
The Company's ultimate parent company is Ocado Group plc, which, together with the Company and the direct and indirect subsidiaries of Ocado Group plc, form the "Ocado Group".

The principal activity of the Company is the retailing of beauty products.

Review of the business
During the period to 2 December 2018, the Company traded as an online retailer of premium beauty products with one retail store. Towards the end of the financial year, the Company partnered with Next to provide beauty and cosmetic products under a re-seller arrangement.

Financial review
For the period to 2 December 2018 the Company achieved revenue of £9.2 million (2017: £8.4 million) against cost of sales of £7.0 million (2017: £7.7 million). Distribution and administrative costs of £6.1 million (2017: £6.7 million) represent the costs incurred for the picking and the delivery operations. As at 2 December 2018, the Company had cash and cash equivalents of £nil (2017: £0.8 million) and net liabilities of £14.1 million (2017: £10.0 million).

Key Performance Indicators
The Company's key performance indicator during the period is as follows:

	Period ended 2 December 2018 £m	Period ended 3 December 2017 £m	Variance %
Gross Sales	12.4	11.5	7.8%

Strategic objectives
The Directors believe that growth will be driven by the quality of the proposition provided by the Company to its customers both online and in store.

A positive shopping experience is critical to encouraging consumers to try Company's service and to return to Company for future shops. The focus remains on improving our customers' shopping experience through the quality of our service, the breadth and availability of range, and competitiveness of prices.

Principal risks and uncertainties
The Company has identified the following principal risks and uncertainties facing it which the Board considers to be material to the development, performance, position or future prospects of the Company. These, together with the associated mitigations, where applicable, are summarised in the table below. However, these risks and uncertainties do not comprise all of the risks associated with the Company and are not set out in any order of priority. Additional risks and uncertainties currently not known to the Directors and/or which the Directors believe to be less material may also have a material adverse effect on the Company's business, financial condition or future prospects.

Risks	Mitigation Action/Control
Failure to maintain a retail proposition which appeals to a broad customer base and sustain growth rates.	- Growth of branded ranges and expansion of supplier base. - Continuation of investment and optimisation of the marketing channels to acquire new customers.
A risk of changes in regulations impacting our business model.	- Regular monitoring of regulatory developments to ensure that changes are identified (and procuring that the other members of the Ocado Group do the same).
Business interruption	- The Company maintains business continuity plans (and procured that other members of the Ocado Group do the same).

Approved by the Board of Directors and signed on its behalf by:

Richard Exact
Director
7 May 2019

Directors' Report

The Directors present their report and the audited financial statements of Marie Claire Beauty Limited (the "Company") for the 52 week period ended 2 December 2018.

Board of Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Neill Abrams
Andrea Davies
Richard Exact
Richard Locke (appointed 14 June 2018)
James Matthews (resigned 14 June 2018)
Amanda Scott
Justine Southall

Political contributions
The Company has not made any political donations during the period (2017: £nil).

Directors' interests
One of the Directors, Amanda Scott, is an employee shareholder of the Company. The other Directors did not have beneficial interests in the shares of the Company at the end of the period.

Directors' insurance and indemnities
The Company's ultimate parent, Ocado Group plc, maintains directors' and officers' liability insurance cover for its Directors and officers as permitted under the Company's Articles and the Companies Act 2006. Such insurance policies cover the Directors and officers of Ocado Group plc and of each of its group undertakings, including the Company. These insurance policies were renewed during the period and remain in force. The Company also indemnifies the Directors and officers under an indemnity deed with each Director or officer which contains provisions that are permitted by the director liability provisions of the Companies Act 2006 and the Company's Articles. An indemnity deed is usually entered into by a Director or officer, and the Company at the time of their appointment to the Board. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force for the benefit of the Directors, and any officer, of the Company or of any associated company.

Research and development and future developments
No research and development is undertaken by the Company.

The Company's likely future developments including its strategy are described in the Strategic Report on page 2.

Risk management
The Company's risk management policies for managing financial risk to the extent material to assessing the financial performance or position of the Company are summarised in the principal risks and uncertainties section of the Strategic Report.

Results and dividends
The Company's results for the period are set out in the Statement of Comprehensive Income on page 7. The Directors do not propose to pay a dividend for the period (2017: £nil).

Post balance sheet events
Events occurring after the balance sheet date that affect the Company are disclosed in note 5.4 to the financial statements.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, 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), and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). 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 loss of the Company for that period.

Statement of Directors' responsibilities (continued)
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;
- 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.

Disclosure of information to the auditor
Each of the persons who is a director at the date of approval of this annual 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 themselves 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed in its behalf by

Richard Exact
Director
7 May 2019

Independent Auditor's Report to the Member of Marie Claire Beauty Limited

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Marie Claire Beauty Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 2 December 2018 and of its loss 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 5.5.

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
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Independent Auditor's Report to the Member of Marie Claire Beauty Limited (continued)

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.

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.

M. R. Lee-Amies

Mark Lee-Amies (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
7 May 2019

Statement of Comprehensive Income
for the 52 weeks ended 2 December 2018

	Notes	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Revenue	2.2, 2.3	9.2	8.4
Cost of sales		(7.0)	(7.7)
Gross profit		2.2	0.7
Distribution costs		(1.6)	(1.9)
Administrative expenses		(4.5)	(4.8)
Operating loss	2.4	(3.9)	(6.0)
Finance income		-	0.1
Finance costs		(0.2)	(0.1)
Loss before taxation	2.4	(4.1)	(6.0)
Tax	2.6	-	-
Loss for the period and total comprehensive expense		(4.1)	(6.0)

All amounts are derived from continuing operations.

Balance Sheet
as at 2 December 2018

	Notes	2 December 2018 £m	3 December 2017 £m
Non-current assets			
Property, plant and equipment	3.1	1.4	1.7
		1.4	1.7
Current assets			
Inventories	3.3	6.0	2.3
Trade and other receivables	3.4	5.8	4.9
Cash and cash equivalents		-	0.8
		11.8	8.0
Total assets		13.2	9.7
Current liabilities			
Trade and other payables	3.5	(27.3)	(19.7)
Net current liabilities		(15.5)	(11.7)
Net liabilities		(14.1)	(10.0)
Equity			
Share capital	4.1	-	-
Retained earnings		(14.1)	(10.0)
Total equity		(14.1)	(10.0)

The financial statements on pages 7 to 17 were authorised for issue by the Board of Directors and signed on its behalf by:

Richard Exact
Director
Marie Claire Beauty Limited
Company Registration Number 09252560 (England and Wales)
7 May 2019

Statement of Changes in Equity
for the 52 weeks ended 2 December 2018

	Share capital £m	Retained earnings £m	Total equity £m
Balance at 27 November 2016	-	(4.0)	(4.0)
Loss for the year and total comprehensive.expense	-	(6.0)	(6.0)
Balance at 3 December 2017	-	(10.0)	(10.0)
Loss for the year and total comprehensive expense	-	(4.1)	(4.1)
Balance at 2 December 2018	-	(14.1)	(14.1)

Notes to the financial statements

Section 1 - Basis of preparation

General information
Marie Claire Beauty Limited (hereafter "the Company") is a private company limited by shares, and incorporated and domiciled in England and Wales. The address of its registered office is Aquarius House, Bessemer Road, Welwyn Garden City, Hertfordshire, AL7 1HH.The financial period represents the 52 weeks ended 2 December 2018. The previous financial period represents the 53 weeks ended 3 December 2017.

Basis of preparation
The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The financial statements are presented in sterling, rounded to the nearest hundred thousand unless otherwise stated. They have been prepared under the historical cost convention. The financial statements have been prepared on the going concern basis, which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

Exemptions
After considering the Application Guidance to FRS 100, the Company has taken advantage of the disclosure exemptions permitted under FRS 101 given that it is included in the consolidated financial statements of its ultimate parent, Ocado Group plc. The consolidated financial statements are prepared under International Financial Reporting Standards (IFRSs) and International Financial Reporting Standards Interpretation Committee (IFRIC) interpretations as endorsed by the European Union ("IFRS-EU"). The disclosure exemptions adopted, where applicable, are in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, certain disclosures in respect of revenue from contracts with customers and certain related party transactions.

Where relevant, equivalent disclosures have been given in the consolidated financial statements of Ocado Group plc that can be obtained from its registered office as detailed in note 5.5.

New standards, amendments and interpretations issued that are not yet effective but have been early adopted and are not material to the Company:
IFRS 15 "Revenue from Contracts with Customers" provides guidance on the recognition and measurement of revenue. The standard establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred. This applies to all contracts with customers except those in the scope of other standards. This new standard replaces IAS 18 "Revenue" and is effective for annual periods beginning on or after 1 January 2018 unless adopted early. The Company has early adopted IFRS 15 in the current period and has concluded that it does not have a significant impact on the Company's financial statements.

New standards, amendments and interpretations issued that are effective but not material to the Company:
The Company has also considered the following new standards, interpretations and amendments to published standards that are effective for the Company for the financial year beginning 4 December 2017 and concluded that they are either not relevant to the Company or that they would not have a significant impact on the Company's financial statements:

Various	Amendments to various IFRSs and IASs including those arising from the IASB's annual improvements project	1 January 2017
IAS 7	Statement of cash flows (amendments)	1 January 2017
IAS12	Income taxes (amendments)	1 January 2017

Accounting policies
The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes to these financial statements. Accounting policies not specifically attributable to a note are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Sterling is the Company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges.

Notes to the financial statements (continued)

Section 1- Basis of preparation (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within finance income or finance costs. All other foreign exchange gains and losses are presented in the income statement within operating loss.

Critical estimates, judgements and assumptions
The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties
Useful economic life and residual value of assets
The assessment of the useful economic life and residual value of the Company's assets involves a significant amount of judgement based on historical experience with similar assets as well as anticipation of future events which may impact their useful life, such as changes in technology. Given the significant investment in technology and other assets, the Company undertakes a review of the remaining useful lives of assets each year and will reduce the remaining useful lives, or impair where necessary, assets that are being superseded by new technology.

Significant judgements
No judgements have been made in the process of applying the Company's accounting policies, other than those involving estimations, that have had a significant effect on the amounts recognised in the financial statements.

Going concern basis
Accounting standards require that the Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare financial statements on a going concern basis. There has been no material uncertainty identified which would cast significant doubt upon the Company's ability to continue using the going concern basis of accounting for the 12 months following the approval of these financial statements.

The Ocado Group maintains a mixture of short and medium-term debt and lease finance arrangements that are designed to ensure that it has sufficient available funds to finance its operations. The Board monitors rolling forecasts of the Company's liquidity requirements based on a range of precautionary scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times so that the Company does not contribute to Ocado Group breaching borrowing limits or covenants (where applicable) on any of its borrowing facilities.

After making appropriate enquiries and having considered the business activities as set out in the Strategic Report on page 2, the facts described above and the Company's principal risks and uncertainties, the Directors are satisfied that the Company and the Ocado Group as a whole have adequate resources to continue in operational existence for the foreseeable future, notwithstanding the Company's net liabilities. The Company has received a letter of support from its parent company, Ocado Group plc, stating that its present policy is to provide financial support to the Company, if required, over the course of the next 12 months. Accordingly, the financial statements have been prepared on the going concern basis. Accordingly, the financial statements have been prepared on a going concern basis.

Section 2 – Results for the year

2.1 Loss before taxation

Accounting policies

Revenue
The Company follows the principles of IFRS 15 "Revenue from Contracts with Customers", in determining appropriate revenue recognition policies.

Revenue represents the transaction price that the Company expects to be entitled to in return for delivering the goods or services to its customers. The value recognised in any period is based on judgement of when the customer is able to benefit from the goods or services and an assessment of the progress made towards completely satisfying each obligation.

Identification of the Performance Obligations

In a typical contract there is one performance obligation which is to deliver goods ordered online to the customer at the scheduled time and to the agreed address. The Company is able to apply the practical expedient allowed in the standards to apply the standard requirements to a portfolio of contracts, rather than individual contracts, as it believes the characteristics of each sale are similar and the effects on the financial statements of doing so would not differ materially from applying the standard to individual contracts.

Notes to the financial statements (continued)

Section 2 – Results for the year (continued)

2.1 Loss before taxation (continued)

Determining the Transaction Price

Customers pay in full at point of sale. The transaction price is based on the aggregation of all order values shown net of any material adjustment for expected returns or expected future redemption of marketing vouchers in accordance with IFRS 15 guidance on variable consideration. Standard delivery charges and carrier bag receipts are included in the transaction price.

Allocation of Transaction Price to the Performance Obligations

Each contract has a single performance obligation and so all the transaction price is assigned to that single obligation. At the end of each reporting period management will review and adjust for elements of variable consideration such as expected refunds or expected voucher redemptions.

Revenue Recognition

Revenue is recognised at a point in time when the customer obtains control of the goods, which for deliveries performed by Marie Claire Beauty occurs when the goods are delivered to and have been accepted at the customer's home. For goods which are delivered by third party couriers, revenue is recognised when the items have been transferred to the third party for onward delivery to the customer. These are shown net of returns, relevant marketing vouchers/offers and value added taxes. Relevant vouchers/offers include money-off coupons, conditional spend vouchers and offers such as buy three for the price of two.

Cost of sales
Cost of sales represents the cost of goods and other products the Company sells, any associated licence fees which are driven by the volume of sales of specific products or product groups and charges for transportation of goods from a supplier to a distribution centre.

Distribution costs
Distribution costs are charged by a different company in the Ocado Group to the Company. Distribution costs consist of all the costs incurred, excluding product costs, to the point of sale. In most cases, this is the customer's home which are charged to the Company by a different Company within the Ocado Group. This includes the payroll-related expenses for the picking, dispatch and delivery of products sold to the point of sale, the cost of making those deliveries, including fuel, tolls, maintenance of vehicles, the operating costs of the properties required for the picking, dispatch and onward delivery operations and all associated depreciation, amortisation and impairment charges, call centre costs and payment processing charges.

Administrative expenses
Administrative expenses include amounts recharged by another company in the Ocado Group to the Company and costs incurred directly by the Company. Administrative expenses consist of all advertising and marketing expenditure (excluding vouchers), share-based payments costs, employment costs of all central functions, which include board, legal, finance, human resources, marketing and procurement, rent and other property-related costs for the head office, all fees for professional services and the depreciation, amortisation and impairment associated with IT equipment, software, fixtures and fittings.

2.2 Revenue
Revenue is generated wholly within the United Kingdom and from a single class of business, being the Company's principal activity of retailing. The Company is not reliant on any major customer for 10% or more of its revenue.

2.3 Gross sales

	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Revenue from the sale of goods	9.2	8.4
VAT	2.1	1.9
Marketing vouchers	1.1	1.2
Gross sales	12.4	11.5

Section 2 – Results for the year (continued)

2.4 Operating loss

	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Operating loss is stated after charging the following:		
Cost of inventories recognised as an expense	6.7	7.5
Depreciation of property, plant and equipment	0.3	0.3
Operating leases rentals – land and buildings	0.5	0.2

During the period, the Company obtained the following services from its auditor:

	52 weeks ended 2 December 2018 £000	53 weeks ended 3 December 2017 £000
Audit services		
- Audit of the Company's financial statements	10.4	9.0

2.5 Employee information

Employment costs during the financial period were as follows:

	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Staff costs during the period:		
Wages and salaries	0.7	0.6
Social security costs	0.1	-
Other pension costs	-	-
Total employment expense	0.8	0.6

	Number	Number
Average monthly number of employees		
Operational staff	17	10
	17	10

Total remuneration paid to directors employed by the Company for the period was £264,000 (2017: £243,000).

Employee Shareholder Scheme

During 2016, the Company introduced the Marie Claire Beauty Limited Employee Shareholder Status ("ESS") arrangement. The ESS is an HMRC-approved arrangement between the Company and its Director and employee, Amanda Scott. Under the scheme, a one-off award of restricted A ordinary shares in the Company was issued to Amanda Scott.

Details of the movement in the Director's interests in A ordinary shares pursuant to the Marie Claire Beauty Limited Employee Shareholder Scheme (the "Employee Shareholder Scheme") outstanding during each period are as follows:

	2 December 2018 Number of share awards	3 December 2017 Number of share awards
Outstanding at the beginning of the period	2	2
Granted during the period	-	-
Outstanding at the end of the period	2	2

Section 2 – Results for the year (continued)

2.6 Taxation

Accounting policies
The tax charge for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation
Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation
Deferred tax is recognised using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements. Deferred tax is calculated at the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor. The final outcome of some of these items may give rise to material profit and loss and/or cash flow variances. At the balance sheet date management has forecast that the Company would generate future taxable profits against which existing tax losses could be relieved. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

Taxation - Income statement

	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Recognised in the income statement	-	-
Current tax:		
Adjustment in respect of prior periods	-	-
UK corporation tax on losses of the period	-	-
Total current tax	-	-
Changes in recoverable amounts of deferred tax assets	-	-
Origination and reuse of temporary differences	-	-
Total deferred tax	-	-
Income tax credit	-	-

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the Company as follows:

	52 weeks ended 2 December 2018 £m	53 weeks ended 3 December 2017 £m
Loss before tax	(4.1)	(6.0)
Effective tax credit at the UK tax rate of 19% (2017: 19.33%)	(0.8)	(1.2)
Effect of:		
Non-deductible items	-	0.1
Temporary differences on which no deferred tax is charged	0.1	
Group relief surrendered	0.7	1.1
Income tax charge	-	-

The Finance Act 2019 included legislation to reduce the main rate of UK corporation tax from 19% to 18% from 1 April 2020. Deferred tax has been provided at the rate at which the deferred tax asset is expected to be utilised.

As at 2 December 2018 the Company had approximately £1.1 million of unutilised tax losses (2017: approximately £1.1 million) available for offset against future profits. No deferred tax asset has been recognised in respect of the remaining losses on the basis that their future economic benefit is uncertain given the unpredictability of future profit.

Notes to the financial statements (continued)

Section 3 — Operating assets and liabilities

3.1 Property, plant and equipment

Accounting policies
Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes the original purchase price of the asset and any costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided at rates estimated to write off the cost of the relevant assets less their estimated residual values by equal annual amounts over their expected useful lives. Residual values and expected useful lives are reviewed and adjusted, if appropriate, at the end of each financial period.

Depreciation on other non-current assets is charged to administrative expenses

Fixtures and fittings	5-10 years, or the lease term if shorter

Estimation of useful life
The charge in respect of periodic depreciation is derived by estimating an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the income statement. 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 useful life, such as changes in technology.

	Fixtures, fittings, plant and machinery £m
Cost	
At 3 December 2017	2.0
Additions	-
At 2 December 2018	2.0
Accumulated depreciation	
At 3 December 2017	(0.3)
Charge for the year	(0.3)
2 December 2018	(0.6)
Net book value	
At 2 December 2018	1.4
At 3 December 2017	1.7

3.2 Working capital

Accounting policies
Inventories
Inventories comprise goods held for resale and other consumable goods. Inventories are valued at the lower of cost and net realisable value as provided in IAS 2 "Inventories". Goods held for resale and consumables are valued using the historical cost basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. It also takes into account slow-moving, obsolete and defective inventory. Costs include all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition. There has been no security granted over inventory unless stated otherwise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's loans and receivables comprise "Trade and other receivables" in the balance sheet.

Notes to the financial statements (continued)

Section 3 — Operating assets and liabilities (continued)

3.2 Working capital (continued)

Trade and other receivables
Other receivables are non-interest bearing and are recognised initially at fair value, and subsequently at amortised cost, reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short-term deposits with a maturity of three months or less at the date of acquisition. Cash at bank and in hand and short-term deposits are shown under current assets on the balance sheet. The carrying amount of these assets approximates to their fair value. They are therefore included as a component of cash and cash equivalents.

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

Trade and other payables
Trade and other payables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method.

3.3 Inventories

	2 December 2018 £m	3 December 2017 £m
Goods for resale	6.0	2.3

3.4 Trade and other receivables

	2 December 2018 £m	3 December 2017 £m
Trade receivables	0.4	-
Amounts due from group undertakings	5.4	4.9
	5.8	4.9

3.5 Trade and other payables

	2 December 2018 £m	3 December 2017 £m
Trade payables	-	0.2
Taxation and social security	0.4	0.6
Accruals	3.5	3.9
Amounts due to group undertakings	23.4	15.0
	27.3	19.7

Section 4 — Capital structure and financing costs

4.1 Share capital and reserves

Accounting policy
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The issued and fully paid up share capital is set out below:

	£0.01 Ordinary shares Number	Share Capital £m
At 3 December 2017 and 2 December 2018	100	-

	A Ordinary shares Number	Share Capital £m
At 3 December 2017 and 2 December 2018	2	-

Notes to the financial statements (continued)

Section 4 — Capital structure and financing costs (continued)

4.1 Share capital and reserves (continued)

The £0.01 Ordinary shares have full voting, dividend and capital distribution rights.

The A Ordinary shares do not have any voting rights save in relation to any change proposed to be made to the class rights of A Ordinary shares. The A Ordinary shares do not have any entitlement to dividends unless a dividend is paid pursuant to a business sale. The A Ordinary shares have full capital distribution rights.

Section 5 – Other notes

5.1 Related party transactions

The Company has taken advantage of the exemption permitted by FRS 101.8 not to disclose related party transactions with entities that are wholly owned by Ocado Group plc.

5.2 Commitments

Capital commitments

The Company has no capital commitments at the period end (2017: £nil).

Operating lease commitments

At 2 December 2018, the ageing profile of future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2 December 2018 £m	3 December 2017 £m
Due within one year	0.4	0.4
Due after one year but less than five years	0.4	0.4
Due after five years	0.1	0.4
Total future minimum lease payments	0.9	1.2

5.3 Contingent liabilities

The Company has contingent liabilities in respect of legal claims arising in the ordinary course of business, all of which the Company expects will be either covered by its insurances or will not be material in the context of the Company's financial position.

5.4 Post balance sheet events

There are no events after the balance sheet date which require disclosure in or adjustment to these financial statements.

5.5 Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking and ultimate controlling party is Ocado Group plc, a company incorporated in England and Wales. Ocado Group plc is the parent undertaking of the smallest and largest group, which includes the Company and for which group accounts are prepared. The consolidated financial statements of Ocado Group plc can be obtained from its registered office at Buildings One & Two, Trident Place, Mosquito Way, Hatfield, Hertfordshire, AL10 9UL, or alternatively from its corporate website www.ocadogroup.com. The Company's immediate controlling party is Speciality Stores Limited.