

DIRECTORS:

GERARD PATRICK HEGARTY - CHAIRMAN & MANAGING DIRECTOR
BRIAN AITKEN
MARGARET BELL BURNS
GORDON STEWART MACDONOUGH
STEPHEN JAMES MACDONOUGH

COMPANY SECRETARY:

BRIAN AITKEN

REGISTERED OFFICE:

82/90 KELVIN AVENUE
HILLINGTON INDUSTRIAL ESTATE
GLASGOW
G52 4LT

REGISTERED NUMBER:

80712

AUDITORS:

SCOTT OSWALD
CHARTERED ACCOUNTANTS
37 WELLSIDE PLACE
FALKIRK
FK1 5RL

BANKERS:

BANK OF SCOTLAND
LAURIESTON BRANCH
1 BRIDGE STREET
GLASGOW
G5 9JX

SOLICITORS:

MACLAY, MURRAY & SPENS
151 ST VINCENT STREET
GLASGOW
G2 5NJ

ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1997

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**AUDITORS' REPORT TO PROFESSIONAL BEAUTY SYSTEMS LIMITED PURSUANT TO SECTION 247B
OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of Professional Beauty Systems Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th September 1997.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

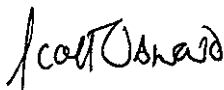
The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that schedule.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with Schedule 8A to that Act, in respect of the year ended 30th September 1997 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that Schedule.



**SCOTT OSWALD
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

FALKIRK
25TH MARCH 1998

ABBREVIATED BALANCE SHEET
30TH SEPTEMBER 1997

	Note	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	1		81,415	96,563
CURRENT ASSETS				
Stocks		154,846		147,380
Debtors		622,577		437,865
Cash on hand		220		220
		<u>777,643</u>		<u>585,465</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	3	<u>207,424</u>		<u>169,594</u>
NET CURRENT ASSETS			<u>570,219</u>	<u>415,871</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>651,634</u>	<u>512,434</u>
PROVISION FOR LIABILITIES AND CHARGES			<u>8,191</u>	<u>8,908</u>
NET ASSETS			<u>643,443</u>	<u>503,526</u>

Financed by:

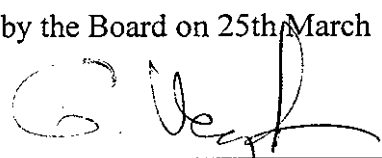
CAPITAL AND RESERVES

Called up share capital	4	100	100
Profit and loss account		<u>643,343</u>	<u>503,426</u>
Shareholders' funds		<u>643,443</u>	<u>503,526</u>

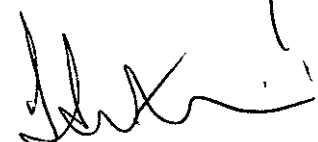
The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts were approved by the Board on 25th March 1998 and signed on its behalf by:

Gerard Patrick Hegarty
Director



Brian Aitken
Director



ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the Companies Act 1985 under the historical cost convention.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation.

Provision is made for the depreciation of office equipment and motor vehicles in order to write off the cost of these assets in equal instalments over their expected useful lives. All other assets are depreciated in order to write off the written down values of assets in use at the end of the year over their expected useful lives.

The following annual rates are used:

Fixtures & fittings	15%
Office equipment	15%
Motor vehicles	25%

INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Dividends are included in the profit and loss account as investment income.

STOCKS

Stocks are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on the estimated sale price after allowing for all further costs of completion and disposal.

DEFERRED TAXATION

Provision is made for deferred taxation under the liability method only to the extent to which liabilities will become payable in the foreseeable future.

PENSIONS

The company operates a defined contributions pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. Contributions payable are charged in the profit and loss account.

FOREIGN CURRENCIES

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences are taken to the profit and loss account.

NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30TH SEPTEMBER 1997

1. TANGIBLE FIXED ASSETS

	TOTAL £
COST OR VALUATION	
At 1st October 1996	146,475
Additions	2,333
At 30th September 1997	148,808
ACCUMULATED DEPRECIATION	
At 1st October 1996	49,912
Provided for period	17,481
At 30th September 1997	67,393
NET BOOK VALUE	
At 30th September 1997	81,415
At 30th September 1996	96,563

2. INVESTMENTS

	SHARES IN GROUP UNDERTAKINGS £
COST OR VALUATION	
At 1st October 1996 and 30th September 1997	100
PROVISIONS	
At 1st October 1996 and 30th September 1997	100
NET BOOK VALUE	
At 30th September 1997	-
At 30th September 1996	-

The shares in group undertakings comprise investments in the following:

Company name and activity	Capital and reserves	Profit/(Loss) for the financial year	Percentage of ordinary shares held
Salon Services (Franchising) Ltd -Hairdressing Supplies	£(352,748)	£2,576	100%

NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30TH SEPTEMBER 1997**3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
The company has given security for the following creditors:		
Bank overdraft	2,379	9,299

The company granted a bond and floating charge over all the group companies and a standard security over various group properties.

4. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

5. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Salon Services (Holdings) Limited, a company which is registered in Scotland.