

PROFESSIONAL BEAUTY SYSTEMS LIMITED

COMPANY NUMBER SC 80712

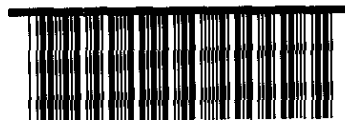
REGISTERED OFFICE 82/90 KELVIN AVENUE
HILLINGTON INDUSTRIAL ESTATE
GLASGOW
G52 4LT

AUDITORS BLUEPRINT AUDIT LIMITED
UNIT 3, GATEWAY BUSINESS PARK
BEANCROSS ROAD
GRANGEMOUTH
FK3 8WX

**ACCOUNTANTS AND
BUSINESS ADVISERS** TENON LIMITED
UNIT 3, GATEWAY BUSINESS PARK
BEANCROSS ROAD
GRANGEMOUTH
FK3 8WX

ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 2002

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COMPANIES HOUSE 30/07/03

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

We have examined the abbreviated accounts set out on pages 3 to 6, together with the financial statements of Professional Beauty Systems Limited for the year ended 30th September 2002 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did 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 to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30th September 2002, and the abbreviated accounts on pages 3 to 6 are properly prepared in accordance with those provisions.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Blueprint Audit Limited

**BLUEPRINT AUDIT LIMITED
REGISTERED AUDITOR
GRANGEMOUTH**

Dated: 25th July 2003

PROFESSIONAL BEAUTY SYSTEMS LIMITED

BALANCE SHEET

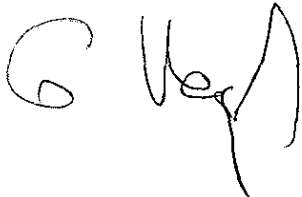
AS AT 30TH SEPTEMBER 2002

	Note	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	2		207,078		142,811
CURRENT ASSETS					
Stocks		407,293		430,663	
Debtors		1,310,474		1,428,715	
Cash at bank and in hand		57,321		2,520	
		<u>1,775,088</u>		<u>1,861,898</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	3	<u>(483,489)</u>		<u>(688,250)</u>	
NET CURRENT ASSETS			<u>1,291,599</u>		<u>1,173,648</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,498,677</u>		<u>1,316,459</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	3		(10,486)		-
PROVISION FOR LIABILITIES AND CHARGES			<u>(17,040)</u>		<u>(11,678)</u>
NET ASSETS			<u><u>1,471,151</u></u>		<u><u>1,304,781</u></u>
CAPITAL AND RESERVES					
Called up share capital	4		100		100
Profit and loss account			<u>1,471,051</u>		<u>1,304,681</u>
SHAREHOLDERS' FUNDS			<u><u>1,471,151</u></u>		<u><u>1,304,781</u></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 July 2003 and signed on its behalf by

GERARD PATRICK HEGARTY
DIRECTOR



BRIAN AITKEN
DIRECTOR



The notes on pages 4 to 6 form an integral part of these accounts.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002**

1. ACCOUNTING POLICIES

1.1. Accounting convention

The accounts are prepared under the historical cost convention.

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

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

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fittings & Equipment	-	15% Reducing Balance
Motor Vehicles	-	25% Straight Line
Computer Equipment	-	15% Straight Line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Deferred taxation

Deferred Tax is calculated under the liability method at the appropriate rate of tax in respect of all timing differences between profits as computed for tax purposes and profits as stated in the financial statements. The company has adopted FRS19 - "Deferred Taxation" which requires full provision for all timing differences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2002

1.8. Employee benefit trusts (EBTs)

The company has established trusts for the benefit of employees and certain of their dependants. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in trust are determined by the company on the basis of employees past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the period to which they relate.

2. FIXED ASSETS

	Tangible fixed assets £	Investments £	Total £
Cost or revaluation			
At 1st October 2001	274,544	100	274,644
Additions	105,624	-	105,624
Disposals	(26,500)	-	(26,500)
At 30th September 2002	353,668	100	353,768
Depreciation and Provision for diminution in value			
At 1st October 2001	131,733	100	131,833
On disposals	(20,340)	-	(20,340)
Charge for year	35,197	-	35,197
At 30th September 2002	146,590	100	146,690
Net book values			
At 30th September 2002	207,078	-	207,078
At 30th September 2001	142,811	-	142,811

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2002

2.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Description of trade
Subsidiary undertaking		
Salon Services (Franchising) Limited	Scotland	Sale of Hair & Beauty Supplies through franchised units bearing the Salon Services name.

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Shares held Class	%	Profit/(Loss) for the year £
Salon Services (Franchising) Limited	(138,594)	Ordinary	100%	72,541

3. CREDITORS

2002	2001
£	£

Creditors include the following Bank Overdraft which is secured.

Falling due within one year	-	52,781
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4. SHARE CAPITAL

2002	2001
£	£

Authorised equity

100 Ordinary shares of £1 each

100	100
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Allotted, called up and fully paid equity

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.