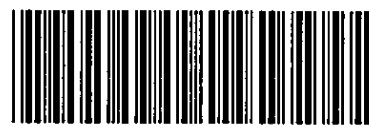


PROFESSIONAL BEAUTY SYSTEMS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2009

Company Registration Number SC080712

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PROFESSIONAL BEAUTY SYSTEMS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

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PROFESSIONAL BEAUTY SYSTEMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2009

The directors present their report and the financial statements of the company for the year ended 30 September 2009.

Principal activities and business review

The principal activities of the company during the year were the manufacture and sale of professional haircare and beauty products to the trade.

During the course of the year the company continued to manufacture and sell professional haircare and beauty products to the trade. Turnover increased by 15.4% on the prior year and operating profit has increased by 38.3%.

At the year end the company had shareholders funds of £4,354,433 including distributable profits of £4,354,333. The directors therefore believe the company's position to be satisfactory especially as the company's net current assets exceed its current liabilities by £3,719,363.

The directors have assessed the main risk facing the company as being competition from similar manufacturing companies. Many competing companies are operating in a lower cost based environment and are able to sell similar products to those offered by the company at competitive prices.

The directors believe that the quality of our products and customer service will help mitigate this risk and hope to see future growth and satisfactory trading results in the coming year.

Results and dividends

The profit for the year, after taxation, amounted to £369,547. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company finances its operations through a mixture of retained profits and operational bank accounts and, where necessary to fund expansion or capital expenditure programmes, through hire purchase agreements and bank borrowings. The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the future cash flows expected to arise from the company's trading activities.

Directors

The directors who served the company during the year were as follows:

G P Hegarty
B Aitken
S J MacDonough

PROFESSIONAL BEAUTY SYSTEMS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2009

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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; 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.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

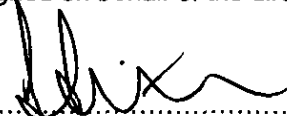
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name.

RSM Tenon Audit Limited are deemed to be appointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the directors



B Aitken
Company Secretary

Approved by the directors on 28 June 2010

PROFESSIONAL BEAUTY SYSTEMS LIMITED
INDEPENDENT AUDITOR'S REPORT TO PROFESSIONAL BEAUTY
SYSTEMS LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of Professional Beauty Systems Limited for the year ended 30 September 2009 prepared under Section 396 of the Companies Act 2006.

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

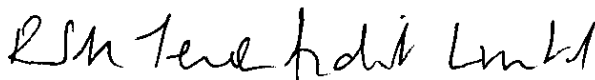
The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.

David Holt, Senior Statutory Auditor
For and on behalf of



RSM Tenon Audit Limited
Statutory Auditor
2 Blythswood Square
Glasgow
G2 4AD

Date:- 30/6/10

PROFESSIONAL BEAUTY SYSTEMS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £	2008 £
Turnover		6,446,508	5,585,186
Cost of sales		(3,447,682)	(2,750,444)
Gross profit		2,998,826	2,834,742
Administrative expenses		(2,532,170)	(2,497,420)
Operating profit	2	466,656	337,322
Profit on disposal of current assets		—	191,411
		466,656	528,733
Interest receivable	5	55,436	70,158
Interest payable and similar charges	6	(444)	(1,332)
Profit on ordinary activities before taxation		521,648	597,559
Tax on profit on ordinary activities	7	(152,101)	(114,705)
Profit for the financial year		<u>369,547</u>	<u>482,854</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 6 to 13 form part of these abbreviated accounts.

PROFESSIONAL BEAUTY SYSTEMS LIMITED

Registered Number SC080712

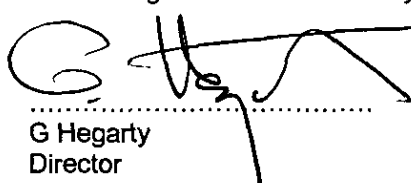
ABBREVIATED BALANCE SHEET

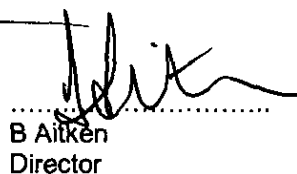
30 SEPTEMBER 2009

	Note	2009 £	£	2008 £	£
Fixed assets					
Tangible assets	8		715,713		621,201
Current assets					
Stocks	9	1,341,862		1,043,980	
Debtors	10	2,306,267		2,167,320	
Investments	11	6,906		-	
Cash at bank and in hand		1,167,650		920,271	
		<u>4,822,685</u>		<u>4,131,571</u>	
Creditors: Amounts falling due within one year	12	<u>(1,103,322)</u>		<u>(691,522)</u>	
Net current assets			<u>3,719,363</u>		<u>3,440,049</u>
Total assets less current liabilities			<u>4,435,076</u>		<u>4,061,250</u>
Provisions for liabilities					
Deferred taxation	14		<u>(80,643)</u>		<u>(76,364)</u>
			<u>4,354,433</u>		<u>3,984,886</u>
Capital and reserves					
Called-up share capital	17		100		100
Profit and loss account	18		<u>4,354,333</u>		<u>3,984,786</u>
Shareholder's funds	19		<u>4,354,433</u>		<u>3,984,886</u>

These abbreviated accounts have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006.

These abbreviated accounts were approved by the directors and authorised for issue on 28 June 2010 and are signed on their behalf by:


G Hegarty
Director


B Aitken
Director

The notes on pages 6 to 13 form part of these abbreviated accounts.

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a subsidiary, where 90 per cent or more of the voting rights are controlled within the group and the parent company has prepared publicly available consolidated financial statements which include a consolidated cash flow statement incorporating the company's cash flows.

Turnover

The turnover shown in the profit and loss account represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product have been transferred to the customer.

Fixed assets

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Land/Heritable Property	-	No depreciation charged
Leasehold Improvements	-	15% Reducing Balance
Fixtures and Equipment	-	15% Reducing Balance
Motor Vehicles	-	25% Straight Line
Computer Equipment	-	15% Straight Line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost consists of the purchase price of materials and an appropriate proportion of production overheads, where applicable.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value, and are depreciated in accordance with the above depreciation policies. Future instalments payable under such agreements, net of finance charges, are included within creditors. Rentals payable are apportioned between the capital element, which reduces the outstanding obligation included within creditors, and the finance element, which is charged to the profit and loss account on a straight line basis.

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2009

1. Accounting policies *(continued)*

Operating lease agreements

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities recognised have not been discounted. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions, or at an average rate for the period if the rates do not fluctuate significantly. Monetary assets and liabilities are translated at year end exchange rates or, where appropriate, at rates of exchange fixed under the terms of the relevant transaction. The resulting exchange rate differences are charged to the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for as financial assets, financial liabilities or equity instruments, according to the substance of the contractual arrangement.

Financial instruments which are assets are stated at cost less any provision for impairment. Financial liabilities are stated at principal capital amounts outstanding at the period end. Issue costs relating to financial liabilities are deducted from the outstanding balance and are amortised over the period to the due date for repayment of the financial liability.

Investments

Investments held as current assets are stated at lower of cost and net realisable value.

PROFESSIONAL BEAUTY SYSTEMS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****YEAR ENDED 30 SEPTEMBER 2009****2. Operating profit**

Operating profit is stated after charging/(crediting):

	2009	2008
	£	£
Depreciation of owned fixed assets	111,170	107,156
Depreciation of assets held under hire purchase agreements	3,632	10,896
(Profit)/loss on disposal of fixed assets	(450)	1,213
Auditors remuneration	6,650	6,650
Operating lease costs:		
- land and buildings	150,000	150,000
- other	33,926	33,926
Net loss on foreign currency translation	135	51,113

3. Particulars of employees

The average number of staff employed by the company during the financial year amounted to:

	2009	2008
	No	No
Number of production staff	67	72
Number of administrative staff	6	4
	<u>73</u>	<u>76</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	1,472,169	1,348,859
Social security costs	135,489	121,680
Other pension costs	42,087	88,185
	<u>1,649,745</u>	<u>1,558,724</u>

4. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2009	2008
	£	£
Aggregate emoluments	201,121	192,672
Value of company contributions to defined contribution pension schemes	24,695	74,905
	<u>225,816</u>	<u>267,577</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

4. Directors' emoluments (continued)

Emoluments of highest paid director:

	2009	2008
	£	£
Total emoluments (excluding pension contributions)	124,587	114,823
Value of company pension contributions to defined contribution pension schemes	9,360	64,727
	<u>133,947</u>	<u>179,550</u>

The number of directors on whose behalf the company made pension contributions was as follows:

	2009	2008
	No	No
Defined contribution schemes	<u>2</u>	<u>2</u>

5. Interest receivable

	2009	2008
	£	£
Bank interest	12,217	48,458
Other loan interest receivable	43,219	21,700
	<u>55,436</u>	<u>70,158</u>

6. Interest payable and similar charges

	2009	2008
	£	£
Finance charges	<u>444</u>	<u>1,332</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2009	2008
	£	£
In respect of the year:		
UK Corporation tax	147,847	123,879
Over provision in prior year	(25)	-
	<u>147,822</u>	<u>123,879</u>
Deferred tax:		
Origination and reversal of timing differences	4,279	(9,174)
Tax on profit on ordinary activities	<u>152,101</u>	<u>114,705</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

7. Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 30%).

	2009	2008
	£	£
Profit on ordinary activities before taxation	<u>521,648</u>	<u>597,559</u>
Profit on ordinary activities by rate of tax	146,061	179,268
Effects of:		
Expenses not deductible for tax purposes	5,006	(54,336)
Capital allowances for period in excess of depreciation	(3,220)	3,219
Tax chargeable at lower rates	-	(4,272)
Adjustments to tax charge in respect of previous periods	<u>(25)</u>	<u>-</u>
Total current tax (note 7(a))	<u>147,822</u>	<u>123,879</u>

8. Tangible fixed assets

	Heritable Property £	Leasehold Improve- ments £	Fixtures and Equipment £	Motor Vehicles £	Computer Equipment £	Total £
Cost						
At 1 Oct 2008	-	620,145	704,073	62,649	35,808	1,422,675
Additions	110,500	-	96,980	-	1,834	209,314
At 30 Sep 2009	<u>110,500</u>	<u>620,145</u>	<u>801,053</u>	<u>62,649</u>	<u>37,642</u>	<u>1,631,989</u>
Depreciation						
At 1 Oct 2008	-	343,930	407,192	34,331	16,021	801,474
Charge for the year	-	41,424	52,311	15,660	5,407	114,802
At 30 Sep 2009	<u>-</u>	<u>385,354</u>	<u>459,503</u>	<u>49,991</u>	<u>21,428</u>	<u>916,276</u>
Net book value						
At 30 Sep 2009	<u>110,500</u>	<u>234,791</u>	<u>341,550</u>	<u>12,658</u>	<u>16,214</u>	<u>715,713</u>
At 30 Sep 2008	<u>-</u>	<u>276,215</u>	<u>296,881</u>	<u>28,318</u>	<u>19,787</u>	<u>621,201</u>

Hire purchase agreements

Included within the net book value of £715,713 is £Nil (2008 - £13,627) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £3,632 (2008 - £10,896).

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

9. Stocks

	2009	2008
	£	£
Raw materials	856,818	630,074
Finished goods	485,044	413,906
	<u>1,341,862</u>	<u>1,043,980</u>

10. Debtors

	2009	2008
	£	£
Trade debtors	1,506,031	1,331,360
Amounts owed by group undertakings	900	900
Other debtors	765,606	779,300
Prepayments and accrued income	33,730	55,760
	<u>2,306,267</u>	<u>2,167,320</u>

The debtors above include the following amounts falling due after more than one year:

	2009	2008
	£	£
Other debtors	<u>685,356</u>	<u>672,671</u>

11. Investments

	2009	2008
	£	£
Other investments	<u>6,906</u>	<u>-</u>

12. Creditors: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	619,830	290,076
Taxation and social security	222,304	244,209
Hire purchase agreements	-	4,359
Accruals and deferred income	261,188	152,878
	<u>1,103,322</u>	<u>691,522</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2009	2008
	£	£
Hire purchase agreements	<u>-</u>	<u>4,359</u>

Hire purchase agreements are secured over the assets concerned.

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

13. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2009 £	2008 £
Amounts payable within 1 year	-	4,803
Less interest and finance charges relating to future periods	-	(444)
	<u>-</u>	<u>4,359</u>
Hire purchase agreements are analysed as follows:		
Current obligations	-	4,359
	<u>-</u>	<u>4,359</u>

14. Deferred taxation

The movement in the deferred taxation provision during the year was:

	2009 £	2008 £
At 1 October 2008	76,364	85,538
Profit and loss account movement arising during the year	4,279	(9,174)
At 30 September 2009	<u>80,643</u>	<u>76,364</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2009 £	2008 £
Excess of taxation allowances over depreciation on fixed assets	<u>80,643</u>	<u>76,364</u>

15. Commitments under operating leases

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	3,533	-	430
Within 2 to 5 years	150,000	14,236	150,000	3,723
After more than 5 years	110,000	-	110,000	-
	<u>260,000</u>	<u>17,769</u>	<u>260,000</u>	<u>4,153</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2009

16. Related party transactions

The company rents property from Nilsine Property Limited at £150,000 per annum with £150,000 (2008 - £172,603) rent paid during the year. At the year end the amount due to Nilsine Property Limited was £Nil (2008 - £Nil).

The company advanced funds of £Nil (2008 - £808,671) to Robust Property Limited in the year. The balance outstanding at the year end included in other debtors is £659,856 (2008 - £658,671). Interest of £43,219 (2008 - £21,700) was charged in the year on the balance.

The companies are connected by common directors and shareholders.

No other transactions such as are required to be disclosed under Financial Reporting Standard 8 were undertaken during the year.

17. Share capital

Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

18. Profit and loss account

	2009	2008
	£	£
Balance brought forward	3,984,786	3,501,932
Profit for the financial year	<u>369,547</u>	<u>482,854</u>
Balance carried forward	<u>4,354,333</u>	<u>3,984,786</u>

19. Reconciliation of movements in shareholder's funds

	2009	2008
	£	£
Profit for the financial year	369,547	482,854
Opening shareholder's funds	<u>3,984,886</u>	<u>3,502,032</u>
Closing shareholder's funds	<u>4,354,433</u>	<u>3,984,886</u>

20. Ultimate parent company

The ultimate parent undertaking is Professional Beauty Systems (Holdings) Limited.