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COMPANIES HOUSE

PROFESSIONAL BEAUTY SYSTEMS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

Company Registration Number SC080712

PROFESSIONAL BEAUTY SYSTEMS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2012

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PROFESSIONAL BEAUTY SYSTEMS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2012

The directors present their report and the financial statements of the company for the year ended 30 September 2012.

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.

Turnover increased by 11.9% on the prior year and operating profit has increased by 17.0%.

At the year end the company had shareholders funds of £8,034,519 including distributable profits of £8,034,419. The directors therefore believe the company's position to be satisfactory especially as the company's net current assets exceed its current liabilities by £7,340,692.

The directors have assessed the main risk facing the company as being from the increased cost of raw materials, energy costs and competition from other manufacturers in similar operations.

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

Results and dividends

The profit for the year, after taxation, amounted to £1,583,064. 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 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; and
- 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
S McPartland

PROFESSIONAL BEAUTY SYSTEMS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2012

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 year.

In preparing those 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; 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

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 7/6/13

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 2012 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
48 St Vincent Street
Glasgow
G2 5TS

17/6/13

PROFESSIONAL BEAUTY SYSTEMS LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 £	2011 £
Turnover		11,501,456	10,280,876
Cost of sales		(6,582,061)	(6,160,198)
Gross profit		4,919,395	4,120,678
Administrative expenses		(2,847,238)	(2,349,279)
Operating profit	2	2,072,157	1,771,399
Interest receivable	5	44,619	38,714
Interest payable and similar charges	6	(1,909)	(1,559)
Profit on ordinary activities before taxation		2,114,867	1,808,554
Tax on profit on ordinary activities	7	(531,803)	(485,280)
Profit for the financial year		<u>1,583,064</u>	<u>1,323,274</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

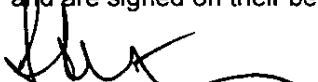
ABBREVIATED BALANCE SHEET

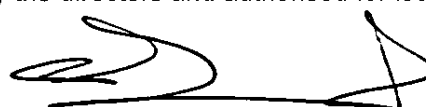
30 SEPTEMBER 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	781,747	716,989
Current assets			
Stocks	9	2,535,909	1,961,094
Debtors	10	3,904,630	3,598,270
Investments	11	106,602	6,906
Cash at bank and in hand		2,942,148	1,813,555
		9,489,289	7,379,825
Creditors: Amounts falling due within one year	12	(2,148,597)	(1,553,010)
Net current assets		7,340,692	5,826,815
Total assets less current liabilities		8,122,439	6,543,804
Provisions for liabilities			
Deferred taxation	13	(87,920)	(92,349)
		8,034,519	6,451,455
Capital and reserves			
Called-up share capital	16	100	100
Profit and loss account	17	8,034,419	6,451,355
Shareholder's funds	18	8,034,519	6,451,455

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 7/6/13, and are signed on their behalf by:


B Aitken


S J MacDonough

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 2012

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	-	No depreciation charged
Leasehold Improvements	-	15% Reducing Balance
Fixtures and Fittings	-	15% Reducing Balance
Motor Vehicles	-	25% Straight Line
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.

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.

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

1. Accounting policies *(continued)*

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.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. A financial liability is any contractual arrangement for an entity to deliver cash to the holder of the associated financial instrument.

Current asset investments

Current assets investments are held at the lower of cost and net realisable value.

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2012

2. Operating profit

Operating profit is stated after charging/(crediting):

	2012 £	2011 £
Depreciation of owned fixed assets	117,468	106,409
Auditors remuneration	7,200	7,000
Operating lease costs:		
- land and buildings	260,000	260,000
- other	33,926	33,926
Gains on foreign currency translation	<u>(118,758)</u>	<u>(64,067)</u>

3. Particulars of employees

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

	2012 No	2011 No
Number of production staff	60	59
Number of administrative staff	35	29
	<u>95</u>	<u>88</u>

The aggregate payroll costs of the above were:

	2012 £	2011 £
Wages and salaries	2,441,630	2,111,852
Social security costs	216,900	181,809
Other pension costs	93,377	58,447
	<u>2,751,907</u>	<u>2,352,108</u>

4. Directors' emoluments

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

	2012 £	2011 £
Aggregate emoluments	405,110	336,780
Value of company contributions to defined contribution pension schemes	41,545	32,390
	<u>446,655</u>	<u>369,170</u>

Emoluments of highest paid director:

	2012 £	2011 £
Total emoluments (excluding pension contributions)	211,092	170,872
Value of company pension contributions to defined contribution pension schemes	11,722	9,786
	<u>222,814</u>	<u>180,658</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

4. Directors' emoluments (continued)

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

	2012	2011
	No	No
Defined contribution schemes	<u>3</u>	<u>3</u>

5. Interest receivable

	2012	2011
	£	£
Bank interest	20,704	12,192
Other loan interest receivable	23,915	26,522
	<u>44,619</u>	<u>38,714</u>

6. Interest payable and similar charges

	2012	2011
	£	£
Other similar charges payable	<u>1,909</u>	<u>1,559</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2012	2011
	£	£
In respect of the year:		
UK Corporation tax	535,703	484,180
Under provision in prior year	529	-
	<u>536,232</u>	<u>484,180</u>
Deferred tax:		
Origination and reversal of timing differences	(4,429)	1,100
Tax on profit on ordinary activities	<u>531,803</u>	<u>485,280</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

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 24% (2011 - 26%).

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>2,114,867</u>	<u>1,808,554</u>
Profit on ordinary activities by rate of tax	507,568	470,224
Effects of:		
Expenses not deductible for tax purposes	7,731	4,307
Capital allowances for period in excess of depreciation	(1,023)	(8,236)
Tax chargeable at lower rates	21,427	17,885
Adjustments to tax charge in respect of previous periods	529	-
Total current tax (note 8(a))	<u>536,232</u>	<u>484,180</u>

8. Tangible fixed assets

	Land £	Leasehold Improve- ments £	Fixtures and Fittings £	Motor Vehicles £	Equipment £	Total £
Cost						
At 1 Oct 2011	110,500	629,145	947,238	47,196	44,609	1,778,688
Additions	-	-	167,880	-	14,346	182,226
At 30 Sep 2012	<u>110,500</u>	<u>629,145</u>	<u>1,115,118</u>	<u>47,196</u>	<u>58,955</u>	<u>1,960,914</u>
Depreciation						
At 1 Oct 2011	-	452,264	556,424	21,627	31,384	1,061,699
Charge for the year	-	26,520	73,584	11,796	5,568	117,468
At 30 Sep 2012	<u>-</u>	<u>478,784</u>	<u>630,008</u>	<u>33,423</u>	<u>36,952</u>	<u>1,179,167</u>
Net book value						
At 30 Sep 2012	<u>110,500</u>	<u>150,361</u>	<u>485,110</u>	<u>13,773</u>	<u>22,003</u>	<u>781,747</u>
At 30 Sep 2011	<u>110,500</u>	<u>176,881</u>	<u>390,814</u>	<u>25,569</u>	<u>13,225</u>	<u>716,989</u>

9. Stocks

	2012 £	2011 £
Raw materials	1,546,904	1,274,851
Finished goods	989,005	686,243
	<u>2,535,909</u>	<u>1,961,094</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

10. Debtors

	2012	2011
	£	£
Trade debtors	3,312,482	2,972,393
Amounts owed by group undertakings	839	900
Other debtors	547,384	574,477
Prepayments and accrued income	43,925	50,500
	<u>3,904,630</u>	<u>3,598,270</u>

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

	2012	2011
	£	£
Other debtors	<u>483,531</u>	<u>485,356</u>

11. Investments

	2012	2011
	£	£
Other investments	<u>106,602</u>	<u>6,906</u>

The market value of the investment at 30 September 2012 was £118,078.

12. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	909,772	688,089
Taxation and social security	823,948	564,199
Other creditors	1,823	—
Accruals and deferred income	413,054	300,722
	<u>2,148,597</u>	<u>1,553,010</u>

13. Deferred taxation

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

	2012	2011
	£	£
At 1 Oct 2011	92,349	91,249
Profit and loss account movement arising during the year	(4,429)	1,100
At 30 Sep 2012	<u>87,920</u>	<u>92,349</u>

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

	2012	2011
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>87,920</u>	<u>92,349</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2012

14. Commitments under operating leases

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as set out below.

	2012		2011	
	Land and buildings £	Other Items £	Land and buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	2,001	-	-
Within 2 to 5 years	150,000	17,074	150,000	10,905
After more than 5 years	110,000	-	110,000	-
	<u>260,000</u>	<u>19,075</u>	<u>260,000</u>	<u>10,905</u>

15. Related party transactions

The company rented a property from Nilsine Property Limited for £150,000 (2011 - £150,000). At the year end the amount due to Nilsine Property Limited was £nil (2011 - £nil). The companies are connected by common directors.

During the year the company operated a loan account with Robust Property Limited. The balance outstanding at the year end, included in other debtors is £458,031 (2011 - £459,856). Interest of £23,915 (2011 - £26,522) was received during the year.

The company entered into a 10 year lease agreement with Robust Property Limited in the previous year, in relation to a property, which is sub-let to Sally Salon Services Limited. The annual charge per the lease agreement is £110,000. The companies are connected by common directors.

During the year the company operated a loan account with Beauty Solutions Limited. The balance outstanding at the year end, included in other debtors is £5,500 (2011 - £5,500). Interest of £nil (2011 - £nil) was received during the year. The companies are connected by common directors.

During the year the company made loans amounting to £35,777 (2011 - £nil) to Professional Beauty Solutions (Private) Limited, a company incorporated in Pakistan. The companies are connected by common shareholders.

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

16. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

PROFESSIONAL BEAUTY SYSTEMS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 30 SEPTEMBER 2012

17. Profit and loss account

	2012 £	2011 £
Balance brought forward	6,451,355	5,128,081
Profit for the financial year	1,583,064	1,323,274
Balance carried forward	<u>8,034,419</u>	<u>6,451,355</u>

18. Reconciliation of movements in shareholder's funds

	2012 £	2011 £
Profit for the financial year	1,583,064	1,323,274
Opening shareholder's funds	6,451,455	5,128,181
Closing shareholder's funds	<u>8,034,519</u>	<u>6,451,455</u>

19. Ultimate parent company

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