

STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016
FOR
PROFESSIONAL BEAUTY SYSTEMS LIMITED



CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Report of the Independent Auditors	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9
Reconciliation of Equity	17
Reconciliation of Profit	19

PROFESSIONAL BEAUTY SYSTEMS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

DIRECTORS:

B Aitken
G P Hegarty
S J Macdonough
S McPartland
Mrs C F Macdonough
Mrs S J Cunniffe
S McLaughlin

SECRETARY:

B Aitken

REGISTERED OFFICE:

3 Newmains Avenue
Inchinnan Business Park
Renfrew
PA4 9RR

REGISTERED NUMBER:

SC080712 (Scotland)

AUDITORS:

Consilium Audit Limited (Statutory Auditor)
169 West George Street
Glasgow
G2 2LB

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The directors present their strategic report for the year ended 30 September 2016.

REVIEW OF BUSINESS AND KEY PERFORMANCE INDICATORS

During the course of the year the Company continued to manufacture and sell professional haircare and beauty products to the trade. The turnover of the Company increased by 19.5% and profits before tax increased by 24.3%.

At the year end the Company had shareholders funds of £16,164,089 including distributable profits of £16,139,303. The directors therefore believe the Company's position to be satisfactory especially as the Company's current assets exceed its current liabilities by £12,933,208.

PRINCIPAL RISKS AND UNCERTAINTIES

The directors have assessed the main risk facing the Company as being from the increased costs 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 coming year.

FINANCIAL RISK MANAGEMENT

The Company finances its day-to-day operations through cash reserves and surplus cash generated through the Company's operations. Overall the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is minimal and therefore not material for the assessment of the assets, liabilities, financial position and profit or loss of the Company.

ON BEHALF OF THE BOARD:



.....
B Aitken - Secretary

Date: 28.6.17

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was the manufacture and sale of professional haircare and beauty products to the trade.

DIVIDENDS

Details of dividends paid are included in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 October 2015 to the date of this report.

B Aitken
G P Hegarty
S J Macdonough
S McPartland
Mrs C F Macdonough
Mrs S J Cuniffe

Other changes in directors holding office are as follows:

S McLaughlin was appointed as a director after 30 September 2016 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

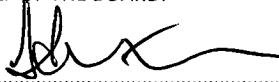
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

AUDITORS

The auditors, Consilium Audit Limited (Statutory Auditor), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
B Aitken - Secretary

Date: 28.6.17

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
PROFESSIONAL BEAUTY SYSTEMS LIMITED**

We have audited the financial statements of Professional Beauty Systems Limited for the year ended 30 September 2016 on pages six to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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.

Consilium Audit Limited

David Holt (Senior Statutory Auditor)
for and on behalf of Consilium Audit Limited (Statutory Auditor)
169 West George Street
Glasgow
G2 2LB

Date: **28.6.17**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	2016 £	2015 £
TURNOVER	3	18,020,480	15,074,378
Cost of sales		9,814,374	8,512,853
GROSS PROFIT		8,206,106	6,561,525
Administrative expenses		5,149,410	3,863,806
		3,056,696	2,697,719
Other operating income	4	252,548	-
OPERATING PROFIT	7	3,309,244	2,697,719
Interest receivable and similar income	8	88,710	35,865
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,397,954	2,733,584
Tax on profit on ordinary activities	9	668,099	565,045
PROFIT FOR THE FINANCIAL YEAR		2,729,855	2,168,539
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,729,855	2,168,539

The notes form part of these financial statements

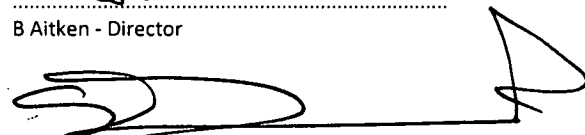
BALANCE SHEET
30 SEPTEMBER 2016

		2016		2015	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11		3,325,024		3,036,291
CURRENT ASSETS					
Stocks	12	3,572,870		2,805,680	
Debtors	13	9,588,207		9,929,691	
Investments	14	31,592		25,059	
Cash at bank and in hand		3,815,175		1,235,302	
		<u>17,007,844</u>		<u>13,995,732</u>	
CREDITORS					
Amounts falling due within one year	15	4,074,636		2,470,102	
NET CURRENT ASSETS			<u>12,933,208</u>		<u>11,525,630</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>16,258,232</u>		<u>14,561,921</u>
PROVISIONS FOR LIABILITIES	17		<u>94,143</u>		<u>127,687</u>
NET ASSETS			<u><u>16,164,089</u></u>		<u><u>14,434,234</u></u>
CAPITAL AND RESERVES					
Called up share capital	18		100		100
Other reserves	19		24,686		18,153
Retained earnings	19		16,139,303		14,415,981
SHAREHOLDERS' FUNDS			<u><u>16,164,089</u></u>		<u><u>14,434,234</u></u>

The financial statements were approved by the Board of Directors on 28.6.17 and were signed on its behalf by:



 B Aitken - Director



 S J Macdonough - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1 October 2014	100	12,245,489	20,106	12,265,695
Changes in equity				
Total comprehensive income	-	2,168,539	-	2,168,539
Transfer to other reserves	-	1,953	(1,953)	-
Balance at 30 September 2015	100	14,415,981	18,153	14,434,234
Changes in equity				
Dividends	-	(1,000,000)	-	(1,000,000)
Total comprehensive income	-	2,729,855	-	2,729,855
Transfer to other reserves	-	(6,533)	6,533	-
Balance at 30 September 2016	100	16,139,303	24,686	16,164,089

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. STATUTORY INFORMATION

Professional Beauty Systems Limited is a private company, limited by shares, registered in Scotland. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The impact of first year adoption of FRS 102 is given in note 23 to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. In preparing the financial statements the directors have made the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- Determine whether any bad debt provision is required via review of trade debtors, with debts provided for on a specific basis. Factors considered include customer payment history and agreed credit terms.
- Determine whether any stock provision is required via comparison of cost and net realisable value of stock on an item by item basis.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover

The turnover shown in the Statement of Comprehensive Income represents the value of all goods sold during the year, less returns received and services delivered at a 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, such as obsolescence, have been transferred to the customer.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Land and buildings	- not provided
Improvements to property	- 15% reducing balance
Fixtures, fittings & equipment	- 15% on cost and 15% reducing balance
Motor vehicles	- 25% on cost

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Assets are not depreciated until they are brought into use.

Depreciation is not charged on buildings included within land and buildings as it is the opinion of the directors that the residual value of the property is higher than the cost value. An impairment review is carried out on that property.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

2. ACCOUNTING POLICIES - continued

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.

Deferred tax

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 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. The resulting exchange rate difference are charged to the profit and loss account.

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 Statement of Comprehensive Income in the year in which they relate.

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.

Operating lease costs

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.

Current asset investments

Current asset investments are held at their market value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2016 £	2015 £
United Kingdom	11,923,541	10,175,052
Europe	4,008,676	3,028,708
Rest of World	2,088,263	1,870,618
	<u>18,020,480</u>	<u>15,074,378</u>

4. OTHER OPERATING INCOME

	2016 £	2015 £
Management charge income	<u>252,548</u>	<u>-</u>

5. STAFF COSTS

	2016 £	2015 £
Wages and salaries	4,668,736	3,432,188
Social security costs	374,503	251,546
Other pension costs	231,314	106,361
	<u>5,274,553</u>	<u>3,790,095</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Production staff	90	76
Administrative staff	50	50
	<u>140</u>	<u>126</u>

6. DIRECTORS' EMOLUMENTS

	2016 £	2015 £
Directors' remuneration	1,133,109	417,060
Directors' pension contributions to money purchase schemes	<u>182,076</u>	<u>60,385</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>5</u>	<u>5</u>
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Information regarding the highest paid director is as follows:

	2016 £	2015 £
Emoluments etc	484,202	118,160
Pension contributions to money purchase schemes	<u>13,200</u>	<u>3,545</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016	2015
	£	£
Depreciation - owned assets	225,195	165,454
Loss on disposal of fixed assets	10,955	-
Auditors' remuneration	12,000	12,000
Foreign exchange differences	43,338	(2,389)
Operating lease costs - other	184,238	293,278
	<u> </u>	<u> </u>

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Deposit account interest	1,866	11,538
Loan interest receivable	80,311	11,630
Change in fair value of investments	6,533	(1,953)
Gain on disposal of current asset investment	-	14,650
	<u> </u>	<u> </u>
	88,710	35,865
	<u> </u>	<u> </u>

9. TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	701,643	534,476
Over provision in prior year	-	(1,922)
	<u> </u>	<u> </u>
Total current tax	701,643	532,554
Deferred tax	(33,544)	32,491
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	668,099	565,045
	<u> </u>	<u> </u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	3,397,954	2,733,584
	<u> </u>	<u> </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 21%)	679,591	574,053
Effects of:		
Expenses not deductible for tax purposes	1,371	5,987
Adjustments to tax charge in respect of previous periods	-	(1,922)
Tax chargeable at lower rates	(12,863)	(13,073)
	<u> </u>	<u> </u>
Total tax charge	668,099	565,045
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

10. DIVIDENDS

	2016	2015
	£	£
Ordinary shares of £1 each		
Final	<u>1,000,000</u>	<u>-</u>

11. TANGIBLE FIXED ASSETS

	Land and buildings £	Improvements to property £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST					
At 1 October 2015	2,059,668	629,145	1,724,098	159,501	4,572,412
Additions	-	-	523,291	1,592	524,883
Disposals	-	-	(46,535)	-	(46,535)
At 30 September 2016	<u>2,059,668</u>	<u>629,145</u>	<u>2,200,854</u>	<u>161,093</u>	<u>5,050,760</u>
DEPRECIATION					
At 1 October 2015	-	501,338	972,267	62,516	1,536,121
Charge for year	-	-	185,142	40,053	225,195
Eliminated on disposal	-	-	(35,580)	-	(35,580)
At 30 September 2016	<u>-</u>	<u>501,338</u>	<u>1,121,829</u>	<u>102,569</u>	<u>1,725,736</u>
NET BOOK VALUE					
At 30 September 2016	<u>2,059,668</u>	<u>127,807</u>	<u>1,079,025</u>	<u>58,524</u>	<u>3,325,024</u>
At 30 September 2015	<u>2,059,668</u>	<u>127,807</u>	<u>751,831</u>	<u>96,985</u>	<u>3,036,291</u>

Included in cost of land and buildings is freehold land of £186,668 (2015 - £186,668) which is not depreciated.

12. STOCKS

	2016	2015
	£	£
Raw materials	2,151,611	1,720,539
Finished goods	1,421,259	1,085,141
	<u>3,572,870</u>	<u>2,805,680</u>

13. DEBTORS

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	3,704,445	3,980,735
Amounts owed by group undertakings	584,267	945,164
Other debtors	583,485	152,129
Tax	-	212,707
Prepayments and accrued income	79,375	70,106
	<u>4,951,572</u>	<u>5,360,841</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

13. DEBTORS - continued

	2016 £	2015 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>4,636,635</u>	<u>4,568,850</u>
Aggregate amounts	<u>9,588,207</u>	<u>9,929,691</u>

14. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Unlisted investments	<u>31,592</u>	<u>25,059</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	1,410,633	1,363,737
Amounts owed to group undertakings	507,798	-
Tax	597,746	-
Social security and other taxes	87,114	76,152
VAT	231,075	175,465
Other creditors	118,291	424,552
Accruals and deferred income	<u>1,121,979</u>	<u>430,196</u>
	<u>4,074,636</u>	<u>2,470,102</u>

Included within other creditors above are outstanding pension contributions of £17,739 (2015: £9,929).

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 £	2015 £
Within one year	157,968	140,949
Between one and five years	467,712	453,348
In more than five years	<u>229,167</u>	<u>339,167</u>
	<u>854,847</u>	<u>933,464</u>

17. PROVISIONS FOR LIABILITIES

	2016 £	2015 £
Deferred tax		
Accelerated capital allowances	119,571	127,687
Other timing differences	<u>(25,428)</u>	<u>-</u>
	<u>94,143</u>	<u>127,687</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

17. PROVISIONS FOR LIABILITIES - continued

	Deferred tax £
Balance at 1 October 2015	127,687
Credit to Statement of Comprehensive Income during year	(33,544)
	<u>94,143</u>
Balance at 30 September 2016	<u>94,143</u>

18. CALLED UP SHARE CAPITAL**Allotted, issued and fully paid:**

Number:	Class:	Nominal value: £1	2016 £	2015 £
100	Ordinary		<u>100</u>	<u>100</u>

19. RESERVES

	Retained earnings £	Other reserves £	Totals £
At 1 October 2015	14,415,981	18,153	14,434,134
Profit for the year	2,729,855	-	2,729,855
Dividends	(1,000,000)	-	(1,000,000)
Transfer to other reserves	(6,533)	6,533	-
	<u>16,139,303</u>	<u>24,686</u>	<u>16,163,989</u>
At 30 September 2016	<u>16,139,303</u>	<u>24,686</u>	<u>16,163,989</u>

20. ULTIMATE PARENT COMPANY

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

21. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Nilsine Property Limited

The companies are connected by common directors.

The Company rented a property from Nilsine Property Limited for £150,000 (2015: £150,000). During the Company repaid £314,763 to Nilsine Property. At the year end the amount due to Nilsine Property Limited was £100,000 (2015: £414,763), which is included in other creditors falling due within one year.

Robust Property Limited

The companies are connected by common directors.

During the prior year the Company operated a loan account with Robust Property Limited. Interest of £11,630 was received in the prior year.

The Company entered into a 10 year lease agreement with Robust Property Limited in a previous year, in relation to a property, which is sub-let. The annual charge per the lease agreement is £110,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 30 SEPTEMBER 2016

21. **RELATED PARTY DISCLOSURES - continued**

Beauty Solutions Limited

The companies are connected by common directors.

During the year the Company made sales to Beauty Solutions Limited amounting to £4,791 (2015: £4,514). The balance outstanding at the year end, included in trade debtors is £383 (2015: £383). In addition the Company operated a loan account during the year with Beauty Solutions Limited. The loan was repaid in full in the year, included in other debtors is £nil (2015: £5,500) due from Beauty Solutions Limited.

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with its parent and other subsidiaries within the group.

22. **ULTIMATE CONTROLLING PARTY**

The Company was under the control of the shareholders of the ultimate parent company throughout the current and previous years. No individual shareholder has a controlling interest.

23. **FIRST YEAR ADOPTION**

These financial statements are the first financial statements of the Company to have been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The transition date for FRS 102 reporting is 1 October 2014. The accounting policies applied under the Company's previous accounting framework (UK GAAP) are different to those under FRS 102 and the financial statements have been adjusted to reflect the change in policy. Set out below is the change to the Company's accounting policies:

Revaluation of Investments

Under previous UK GAAP the Company measured investments at cost less any related provision for impairment. Under FRS 102 the Company is required to measure investments at fair value. The investment values increased by £20,106 on transition to FRS 102 which was credited to other reserves.

In the year ended 30 September 2015 the Company recognised an fair value adjustment of £1,953 resulting in an overall increase in investments at 30 September 2015 of £18,153.

The effect of such differences, with the impact on equity and profit is shown on pages 17, 18 and 19.

RECONCILIATION OF EQUITY
1 OCTOBER 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		2,862,295	-	2,862,295
CURRENT ASSETS				
Stocks		2,927,681	-	2,927,681
Debtors		3,785,536	-	3,785,536
Investments	23	106,602	20,106	126,708
Cash at bank		4,996,633	-	4,996,633
		11,816,452	20,106	11,836,558
CREDITORS				
Amounts falling due within one year		(2,337,962)	-	(2,337,962)
NET CURRENT ASSETS		9,478,490	20,106	9,498,596
TOTAL ASSETS LESS CURRENT LIABILITIES		12,340,785	20,106	12,360,891
PROVISIONS FOR LIABILITIES		(95,196)	-	(95,196)
NET ASSETS		12,245,589	20,106	12,265,695
CAPITAL AND RESERVES				
Called up share capital		100	-	100
Retained earnings		12,245,489	20,106	12,265,595
SHAREHOLDERS' FUNDS		12,245,589	20,106	12,265,695

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued
30 SEPTEMBER 2015

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets		3,036,291	-	3,036,291
CURRENT ASSETS				
Stocks		2,805,680	-	2,805,680
Debtors		9,929,691	-	9,929,691
Investments	23	6,906	18,153	25,059
Cash at bank		1,235,302	-	1,235,302
		13,977,579	18,153	13,995,732
CREDITORS				
Amounts falling due within one year		(2,470,102)	-	(2,470,102)
NET CURRENT ASSETS		11,507,477	18,153	11,525,630
TOTAL ASSETS LESS CURRENT LIABILITIES		14,543,768	18,153	14,561,921
PROVISIONS FOR LIABILITIES		(127,687)	-	(127,687)
NET ASSETS		14,416,081	18,153	14,434,234
CAPITAL AND RESERVES				
Called up share capital		100	-	100
Other reserves		-	18,153	18,153
Retained earnings		14,415,981	-	14,415,981
SHAREHOLDERS' FUNDS		14,416,081	18,153	14,434,234

The notes form part of these financial statements

**RECONCILIATION OF PROFIT
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER		15,074,378	-	15,074,378
Cost of sales		(8,512,853)	-	(8,512,853)
GROSS PROFIT		6,561,525	-	6,561,525
Administrative expenses		(3,863,806)	-	(3,863,806)
OPERATING PROFIT		2,697,719	-	2,697,719
Interest receivable and similar income	23	37,818	(1,953)	35,865
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,735,537	(1,953)	2,733,584
Tax on profit on ordinary activities		(565,045)	-	(565,045)
PROFIT FOR THE FINANCIAL YEAR		2,170,492	(1,953)	2,168,539

The notes form part of these financial statements