

Tangle Teezer Limited

Report and Financial Statements

Year Ended

31 March 2016

Company Number 05396577



Tangle Teezer Limited

Company Information

DIRECTORS	M P Lumb S Pulfrey
COMPANY SECRETARY	M P Lumb
REGISTERED NUMBER	05396577
REGISTERED OFFICE	1st And 2nd Floor 205 Stockwell Road London England SW9 9SL

Tangle Teezer Limited

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Tangle Teezer Limited

Strategic Report For the Year Ended 31 March 2016

INTRODUCTION

The directors present their strategic report together with the Directors' Report and the audited financial statements for the year ended 31 March 2016.

RESULTS

The Company's income statement is set out on page 7 and shows the profit for the year.

The Company paid an interim dividend of £nil (2015 - £6,500,000).

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of design and distribution of specialist hair brushes and their associated products. All products are manufactured in the UK.

BUSINESS REVIEW

The directors are pleased to report that once again year on year revenues continued to increase. During the period sales increased 22% to £28,597,000 (2015 - £23,471,000). For the fourth consecutive year the Company featured on the Sunday Times Fast Track 100 League Table, as well as making its second consecutive appearance on the annual Profit Track 100 League Table.

Ever expanding export sales played a large part in the increase in overall revenues. During the year overseas sales made up 81% (2015 - 81%) of total revenues with established distribution now in over 75 countries across every continent. Tangle Teezer also retained its "Cool Brand™" status for 2015/16, one of just 71 brands selected from around the globe and this being the fourth consecutive year to achieve the status.

The business won several prestigious awards recognising its international growth – including "International Business of the Year" at the 2015 UK Private Business Awards and "Export Champion of the Year" at the 2015 Growing Business Awards. Such awards were a great achievement as they demonstrate the external recognition of Tangle Teezer as an international force. Our products also won numerous awards from influential magazines in the beauty industry.

Profit Before Tax (PBT) increased 8% to £7,984,000 (2015 - £7,408,000) and PBT margins decreased ever so slightly to 28% (2015 - 31%). While this margin remains at a good level its small decline reflects the Company's investment in new staff and new premises to support long-term growth.

The continued growth of the Company is of utmost importance to both the directors and the management team. Through a combination of deeper penetration within existing markets, continuing to bring more innovative products to market, and focusing on cost control we firmly believe we can continue to build on our established and solid foundations. The Company moved into a new Head Office in London during the period which is a confirmation of the Directors' confidence in the Company's future growth.

The long term strategy is for us to build on the reputation the brand has for being a global leader in the category of Detangling Hairbrushes. Yet more focus was placed on increasing our UK manufacturing capacity and many more orders for additional tooling were placed during the year in order to continue to satisfy the global demand for our product range.

Tangle Teezer has longstanding strong relationships with its major suppliers and works in close partnership with them. This strength in the supply chain helps to ensure certainty of supply, high levels of product quality, and agility for the business.

Tangle Teezer Limited

Strategic Report (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

It is the responsibility of the Company directors to fully understand and control all risks and uncertainties that the Company may be affected by, and to assist in providing accurate responses and processes to ensure risks are kept to a minimum.

Credit Risk

Over the recent years the Company's exposure to bad debt has been minimal. However, the Company aims to set up preventative measures to reduce the chance of this happening in the future. This will be controlled through credit insurance policies and rigorous company credit checks prior to offering credit terms.

Foreign Exchange Risk

Exposure to foreign exchange risks remain minimal over the years due to the Company solely invoicing in GBP. As the Company has expanded internationally there are now a few customer accounts in foreign currencies. These customer accounts represent a very small proportion of our overall business. Otherwise exposure to foreign exchange risk is limited to costs incurred in US dollar, Euro and Chinese Yuan.

The Company holds bank accounts in all four currencies and future plans are to mitigate any risk through limiting the number of sales being invoiced in these currencies.

Commercial risks and developments

As with any successful brand, sooner or later imitation was going to be an inevitable downside. Counterfeits and cheap imitation products slowly, but surely, have increased in both numbers and frequency resulting in the appointment of a fulltime, in-house, Brand Protection Executive in 2013. The new position works closely with customs officials, both home and abroad, and a 'zero tolerance' approach is taken with anyone found manufacturing or distributing non-genuine product.

Another risk identified during 2015 was that the origination of our products being sold in some territories was not traceable. In early 2016 a new system of Track & Trace was introduced to mitigate the risk of products being made available for sale in unauthorised territories. This system marks every product that we sell with a unique individual identifier, allowing the source of the stock to be traced electronically. The introduction of this system targeting the grey market has had a temporary impact on our rate of sales growth towards the end of the year. Despite the short-term impact on sales the Track & Trace system is helping to strengthen the brand's credibility and is in the best long-term interests of the future development of international and domestic markets.

FINANCIAL KEY PERFORMANCE INDICATORS

Continuous revenue growth is planned through deeper market penetration and new product diversification over the next twelve to eighteen months. In line with this, costs such as marketing, research & development and staff costs will increase due to the additional resources required to assist in taking the Company forward to the next level.

Our financial KPI's for the next 12 months will focus on:

- Exports to exceed 82% of total sales
- To maintain a gross profit margin of at least 51%
- To increase annual PBT margin to a minimum of 30%

This report was approved by the board on **27 FEBRUARY 2017**
on its behalf.

and signed

M P Lumb
Director



Tangle Teezer Limited

Directors' Report For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

DIRECTORS

The directors who served during the year were:

M P Lumb
S Pulfrey

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company auditors are aware of that information.

Tangle Teezer Limited

**Directors' Report
For the Year Ended 31 March 2016**

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

This report was approved by the board on **27 FEBRUARY 2017** and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M P Lumb', with a long horizontal stroke extending to the right.

M P Lumb
Director

Tangle Teezer Limited

Independent Auditor's report to the members of Tangle Teezer Limited

We have audited the financial statements of Tangle Teezer Limited for the year ended 31 March 2016 which comprise the Statement of Income of Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes. 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 an 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 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, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Tangle Teezer Limited

Independent Auditor's report to the members of Tangle Teezer Limited

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.

BDO LLP

Ian Clayden (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
London
United Kingdom

1 March 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Tangle Teezer Limited

Statement of income and retained earnings For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	3	28,597	23,471
Cost of sales		(14,034)	(11,360)
Gross profit		14,563	12,111
Administrative expenses		(6,448)	(4,674)
Operating profit		8,115	7,437
Interest receivable and similar income		12	2
Interest payable and similar charges		(143)	(31)
Profit on ordinary activities before tax		7,984	7,408
Tax on profit	7	(1,137)	(1,135)
Profit for the financial year and total comprehensive income		6,847	6,273
Retained earnings at the start of the year		6,193	6,420
Dividends declared and paid or payable during the year		-	6,500
Retained earnings at the end of the year		13,040	6,193

Tangle Teezer Limited

Registered number:05396577

Statement of Financial Position As at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Intangible fixed assets	9	328	306
Tangible assets	10	2,374	981
		<u>2,702</u>	<u>1,287</u>
Current assets			
Stocks	11	3,941	2,002
Debtors: amounts falling due within one year	12	5,953	6,861
Debtors: amounts falling due after more than one year	12	136	64
Cash at bank		7,547	3,841
		<u>17,577</u>	<u>12,768</u>
Creditors: amounts falling due within one year	13	(4,365)	(3,994)
Net current assets		<u>13,212</u>	<u>8,774</u>
Total assets less current liabilities		<u>15,914</u>	<u>10,061</u>
Creditors: amounts falling due after more than one year	14	(2,725)	(3,755)
Provisions for liabilities			
Deferred taxation	17	(149)	(113)
		<u>(149)</u>	<u>(113)</u>
Net assets		<u><u>13,040</u></u>	<u><u>6,193</u></u>
Capital and reserves			
Called up share capital	18	-	-
Capital redemption reserve	19	-	-
Profit and loss account	19	13,040	6,193
		<u><u>13,040</u></u>	<u><u>6,193</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
27 FEBRUARY 2017


M P Lumb
Director

The notes on pages 11 to 28 form part of these financial statements.

Tangle Teezer Limited

Statement of Cash Flows For the Year Ended 31 March 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	6,847	6,273
Adjustments for:		
Amortisation of intangible assets	48	44
Depreciation of tangible assets	560	239
Increase in stocks	(1,939)	(425)
Interest paid	143	-
Interest received	(12)	(2)
Taxation	1,137	1,135
(Decrease)/increase in debtors	736	(2,228)
(Increase)/decrease in amounts owed by related parties	288	(571)
(Decrease)/increase in creditors	(19)	129
	<u>7,789</u>	<u>4,594</u>
Corporation tax paid	(1,121)	(921)
Interest paid	(143)	-
	<u>6,525</u>	<u>3,673</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Purchase of intangible assets	(70)	(60)
Purchase of tangible fixed assets	(1,953)	(778)
Interest received	12	2
(Increase)/decrease in other loans receivable	(138)	102
	<u>(2,149)</u>	<u>(734)</u>
Net cash from investing activities		

Tangle Teezer Limited

Statement of Cash Flows For the Year Ended 31 March 2016 *(continued)*

	2016 £000	2015 £000
Cash flows from financing activities		
New secured loans - net of issue costs	643	4,950
Repayment of loans	(1,313)	-
Equity dividends paid	-	(6,500)
	<hr/>	<hr/>
Net cash used in financing activities	(670)	(1,550)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	3,706	1,389
Cash and cash equivalents at beginning of year	3,841	2,452
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	7,547	3,841
	<hr/>	<hr/>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,547	3,841
	<hr/>	<hr/>
	7,547	3,841
	<hr/>	<hr/>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. No transitional adjustments were required in equity or profit or loss for the period - see note 24.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The financial statements present the results of the Company as a single entity.

For the year ended 31 March 2015 the Company consolidated the results and financial position of Tangle Teezer Inc., a company incorporated in the USA, for the two months from incorporation. For the current period, as the directors have concluded that Shaun Pulfrey, the 100% shareholder of Tangle Teezer Limited and Tangle Teezer Inc., has dominant influence (as determined in accordance with FRS 102) over Tangle Teezer Inc., consolidated financial statements have not been prepared.

1.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.3 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Depreciation is provided on the following bases:

Plant and machinery - 20-25% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.5 Development costs

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding ten years, commencing in the year the Company starts to benefit from the expenditure.

Patents and licences are stated at cost less amortisation. Amortisation is provided at 10% per annum in order to write off each asset over its estimated useful life.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.13 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

1.14 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

1. ACCOUNTING POLICIES (continued)

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether leases entered into by the Company either as a lessor or 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 and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 10)
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3. ANALYSIS OF TURNOVER

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	5,419	4,521
Rest of Europe	15,492	13,400
Rest of the world	7,686	5,550
	<u>28,597</u>	<u>23,471</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

4 Operating profit

	2016 £000	2015 £000
This is arrived at after charging:		
Depreciation - owned assets	560	239
Amortisation:		
- Patents and licences	41	37
- Development costs	7	7
Operating lease rentals - land and buildings	580	299
Auditors' remuneration:		
- audit services	21	21
- taxation services	8	8
- other services	44	36
Foreign exchange	9	17
Research and development	162	177
	<u> </u>	<u> </u>

5. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2016 £000	2015 £000
Wages and salaries	2,042	1,440
Social security costs	232	171
Pension costs	113	140
	<u>2,387</u>	<u>1,751</u>

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

	2016 No.	2015 No.
Employees	<u>28</u>	<u>22</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

6. DIRECTORS' REMUNERATION

	2016 £000	2015 £000
Directors' emoluments	689	531
Pension costs	62	67
	<u>751</u>	<u>598</u>

The highest paid director received remuneration of £398,816 (2015 - £296,192).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,993 (2015 - £15,625).

7. TAXATION

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	1,106	1,079
Adjustments in respect of previous periods	(5)	(2)
Total current tax	<u>1,101</u>	<u>1,077</u>
Deferred tax		
Current year charge	36	58
Total deferred tax	<u>36</u>	<u>58</u>
Taxation on profit on ordinary activities	<u>1,137</u>	<u>1,135</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

7. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2015 - the same as) the standard rate of corporation tax in the UK of 20% (2015 - 21%) as set out below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>7,984</u>	<u>7,408</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	1,597	1,556
Effects of:		
Expenses not deductible for tax purposes	25	30
Capital allowances for year in excess of depreciation	11	(72)
Non-taxable income	-	(6)
Origination of timing differences	(17)	58
Short term timing differences	-	6
Additional deduction for R&D Expenditure	(123)	(94)
Patent box additional deduction	(351)	(341)
Transfer pricing adjustments	-	(2)
Adjustments in respect of prior years	(5)	-
	<u>1,137</u>	<u>1,135</u>
Total tax charge for the year	<u>1,137</u>	<u>1,135</u>

8. DIVIDENDS

	2016 £000	2015 £000
Interim (£Nil per share; 2015 - £36,111 per share)	-	6,500
	<u>-</u>	<u>6,500</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

9. INTANGIBLE ASSETS

	Patents and licences £000	Development costs £000	Total £000
Cost			
At 1 April 2015	401	73	474
Additions	70	-	70
Disposals	(42)	-	(42)
At 31 March 2016	429	73	502
Amortisation			
At 1 April 2015	146	22	168
Charge for the year	41	7	48
Disposals	(42)	-	(42)
At 31 March 2016	145	29	174
Net book value			
At 31 March 2016	284	44	328
At 31 March 2015	255	51	306

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

10. TANGIBLE FIXED ASSETS

	Plant and machinery £000	Motor vehicles £000	Total £000
Cost			
At 1 April 2015	1,398	17	1,415
Additions	1,953	-	1,953
Disposals	(138)	-	(138)
At 31 March 2016	3,213	17	3,230
Depreciation			
At 1 April 2015	432	2	434
Charge for the year	558	2	560
Disposals	(138)	-	(138)
At 31 March 2016	852	4	856
Net book value			
At 31 March 2016	<u>2,361</u>	<u>13</u>	<u>2,374</u>
At 31 March 2015	<u>966</u>	<u>15</u>	<u>981</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

11. STOCKS

	2016 £000	2015 £000
Raw materials and consumables	1,598	636
Finished goods and goods for resale	2,343	1,366
	<u>3,941</u>	<u>2,002</u>

Stock recognised in cost of sales during the year as an expense was £10,156,000 (2015 - £7,751,000).

12. DEBTORS

	2016 £000	2015 £000
Due within one year		
Trade debtors	4,085	4,441
Other debtors	694	1,162
Amounts owed by related parties	283	571
Tax and social security	675	587
Other loans receivable	166	100
Directors account	50	-
	<u>5,953</u>	<u>6,861</u>
Due after more than one year		
Other loans receivable	136	64
	<u>136</u>	<u>64</u>

Interest is charged on the loan at 1.5% and is due for repayment within the next two years. This is a commercial loan to a third party whereby the Company has invested in its supply chain.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

13. CREDITORS: Amounts falling due within one year

	2016 £000	2015 £000
Bank loans	1,555	1,195
Trade creditors	2,026	1,854
Corporation tax	347	367
Taxation and social security	70	47
Other creditors	299	347
Directors current account	68	184
	<u>4,365</u>	<u>3,994</u>

14. CREDITORS: Amounts falling due after more than one year

	2016 £000	2015 £000
Bank loans	<u>2,725</u>	<u>3,755</u>

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

15. LOANS

The bank loans are shown net of finance costs of £56,500 (2015 - £50,000) which have been capitalised in accordance with Financial Reporting Standard 4. During the period a charge of £13,854 (2015 - £Nil) for amortisation of these finance costs was made.

The loans are repayable over 4 years and 2 years.

	2016 £000	2015 £000
Amounts falling due within one year:		
Bank loans	1,555	1,195
Amounts falling due after one year:		
Bank loans:		
- due in more than one but not more than two years	1,379	1,195
- due in more than two years but not more than five years	1,346	2,560
	2,725	3,755

16. FINANCIAL INSTRUMENTS

	2016 £000	2015 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	13,636	10,766
	13,636	10,766
Financial liabilities		
Financial liabilities measured at amortised cost	(6,673)	(7,335)
	(6,673)	(7,335)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the Company's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

17. DEFERRED TAXATION

	Deferred tax £000	
At 1 April 2015	(113)	
Movement in the year	(36)	
At 31 March 2016	(149)	
	2016 £000	2015 £000
Accelerated capital allowances	(149)	(113)
	(149)	(113)

18. SHARE CAPITAL

	2016 Number	2015 Number	2016 £	2015 £
Ordinary shares of £0.001 each	180,000	180,000	180	180

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

19. RESERVES

Profit and loss account: records retained earnings and accumulated losses.

Called up share capital: records the nominal value of shares issued.

Capital redemption reserve: records the nominal value of own shares that have been acquired by the Company and cancelled.

20 Commitments under operating leases

The Company had minimum lease payments under non-cancellable operating leases as set out below:

	2016 £'000	2015 £'000
Not later than 1 year	573	341
Later than 1 year and not later than 5 years	2,256	1,280
Later than 5 years	1,850	978
	<hr/>	<hr/>
Total	4,679	2,599
	<hr/>	<hr/>

21. PENSION COMMITMENTS

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund of £113,000 (2015 - £140,000). The amount outstanding to the fund at the balance sheet date was £31,000 (2015 - £45,000).

22. RELATED PARTY TRANSACTIONS

During the year, £Nil dividends (2015 - £6,500,000) were paid to Mr S Pulfrey, a Company Director.

During the year, royalties of £2,675,000 (2015 - £2,309,000) were paid to Mr S Pulfrey, a Company Director.

At 31 March 2016, there was a liability of £68,000 (2015 - £184,000) held in the directors current account with one director and an asset of £50,000 (2015 - £Nil) with another director. No interest is charged on these balances which are due to be repaid within one year.

During the year the Company traded with Tangle Teezer Inc, of which Mr S Pulfrey is a director. The Company sold goods amounting to £1,053,000 (2015 - £419,000). Included in trade debtors is £819,000 (2015 - £Nil). Also within debtors is the sum of £283,000 (2015 - £571,000) owed to the Company at the balance sheet date. The receivable is unsecured with no terms and conditions and no guarantees have been received.

Tangle Teezer Limited

Notes to the Financial Statements For the Year Ended 31 March 2016

23. CONTROLLING PARTY

The Company is under the control and ultimate control of Mr S Pulfrey.

24. FIRST TIME ADOPTION OF FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.