

Company Registration No. 03150196 (England and Wales)

INTERNATIONAL HAIR COSMETICS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2019

tc accounts · tax · legal · financial planning

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
United Kingdom
PO6 3TH



INTERNATIONAL HAIR COSMETICS LIMITED

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INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY INFORMATION

Directors	Mr. E Bailey Mr. N Summer Mr. D Bailey Mr. T Pattison Ms. Claire Bailey	(Appointed 2 October 2019)
Secretary	Mr. E Bailey	
Company number	03150196	
Registered office	3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire United Kingdom PO6 3TH	
Auditor	TC Group 3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire United Kingdom PO6 3TH	
Business address	The Quadrangle Premier Way Abbey Park Romsey Hampshire United Kingdom SO51 9DL	

INTERNATIONAL HAIR COSMETICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present the strategic report for the year ended 31 March 2019.

Review of the business

International Hair Cosmetics Limited's (IHCL) performance in 2018-19 continued strong growth from 2017-18 in major markets, with an overall increase in turnover of 6%. The picture is of robust underlying profitability, and the business is well positioned to manage market and environmental risks going forward.

Management focus is on turnover and margin generated in each market segment and business unit. On this basis, IHCL's performance in 2018-19 was in line with expectations, and represented an expansion from 2017-18 of 6% on Turnover and 2% on Gross Profit (with GP percentage holding at 48%).

IHCL considers four main business segments: The three salon professional-branded segments of the Home market (UK & Ireland), Export market, and intercompany sales; and non-IHCL branded private-label, regardless of geography. The largest positive impact on Turnover was from the private-label segment, which saw turnover more than double. This was due to the timing of one-off launches and ad-hoc private label orders which were pushed back from 2017-18 to 2018-19, driving large growth in this area.

The Home market grew 2% in 2017-2018 and a further 2% in 2018-19 representing a solid result. The export market contracted by 1%, partially fuelled by a fall in the average Euro to Sterling exchange rate throughout the year. Since year end IHC has successfully negotiated contracts with several new Export customers in new markets, and a resurgence is expected in this segment in 2019-20. The intercompany market saw the largest fall, losing 21% against 2016-17. Private label business increased through a combination of delayed launches from 2017-18 from our customers and large ad-hoc orders.

Overheads have increased by 2% driven primarily by staff and contractor costs in administration, logistics, and export sales and educational support. A new warehouse has been established in Italy and this has incurred regular costs such as rent in addition to one-off costs in establishment and training costs. These costs are considered necessary investments by the board to support IHCL's growth plans and to partially mitigate the risks of Brexit. Otherwise, costs are tightly controlled.

Commentary on principal risks and uncertainties affecting the business

The outcome of Brexit negotiations, and its impact upon the trading relations with the EU and third countries is a principle risk to many areas of the business. IHCL's supply chain bears the most significant risks, and this area has received a lot of focus and investment during the year and post year-end. To mitigate this risk the directors have established a logistics base in Italy and the fulfilment of most orders from EU customers is coming from this new location.

Low-priced competitors continue to enter the market and offer a substitute to consumers. IHCL defends its position through regular product launches and developments, industry-leading technical support for the Salon professional and high quality customer services and operations.

INTERNATIONAL HAIR COSMETICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Commentary on future developments affecting the business

2019-20 will see the continued movement towards the rebranding of IHC's largest brand to give a fully global proposition for the first time. This endeavour is fully supported by all the major customers and partners that have been informed, and should enable us to generate unified marketing materials, and eliminate supply chain duplication.

The outcome of the Brexit negotiations and the exit of the UK from the EU will impact on the business. In addition to the establishment of the Italian warehouse, IHC's directors are ensuring that they are taking every action available to remain compliant with relevant legislation to minimise any disruption that may occur as a result of this.

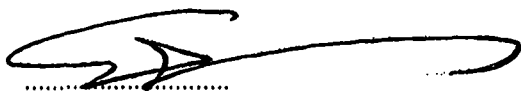
Performance of overseas associates and subsidiaries

ASPI continues to grow turnover and profitability. Significant investment in senior staff has occurred after the year-end, which should accelerate this growth in to future years.

ASPP has had a challenging year with strong low-price substitute competition increasing in that market. In light of the slow growth achieved in the Australian market over the previous three years a decision was made to capitalise a proportion of the amounts owed, and also to put aside a provision.

ASPA promises significant growth in future years, but to date this has been difficult to bring to fruition.

On behalf of the board



Mr. E Bailey

Director

13/11/2019

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr. E Bailey

Mr. N Summer

Mr. D Bailey

Mr. T Pattison

Ms. Claire Bailey

(Appointed 2 October 2019)

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £356,595. The directors do not recommend payment of a further dividend.

Strategic report

In accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Directors have set out in the company's Strategic Report, such information as required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.


Auditor

The auditor, TC Group, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
Mr. E Bailey

Director

Date: 13/11/2019

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group 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;
- 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERNATIONAL HAIR COSMETICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INTERNATIONAL HAIR COSMETICS LIMITED

Opinion

We have audited the financial statements of International Hair Cosmetics Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INTERNATIONAL HAIR COSMETICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERNATIONAL HAIR COSMETICS LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

INTERNATIONAL HAIR COSMETICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERNATIONAL HAIR COSMETICS LIMITED

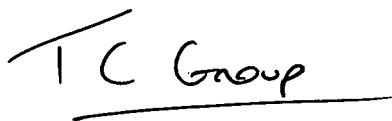
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Handwritten signature of James Blake in black ink, with a horizontal line underneath.

James Blake FCA (Senior Statutory Auditor)
for and on behalf of TC Group

14/11/2019

Office: Portsmouth

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Turnover	3	10,821,052	10,209,229
Cost of sales		(5,582,677)	(5,076,741)
Gross profit		5,238,375	5,132,488
Distribution costs		(2,031,289)	(1,869,529)
Administrative expenses		(2,439,069)	(2,515,402)
Operating profit	5	768,017	747,557
Share of results of associates and joint ventures		6,538	63,190
Interest receivable and similar income	9	3,233	1,082
Interest payable and similar expenses	8	(15,518)	(22,493)
Amounts written off investments		(132,850)	(135,087)
Profit before taxation		629,420	654,249
Taxation	10	(63,581)	(145,339)
Profit for the financial year		565,839	508,910
Profit for the financial year is attributable to:			
- Owners of the parent company		553,300	496,557
- Non-controlling interests		12,539	12,353
		565,839	508,910

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	2018 £
Profit for the year	565,839	508,910
Other comprehensive income		
Currency translation differences	34,951	(51,736)
Total comprehensive income for the year	<u>600,790</u>	<u>457,174</u>
 Total comprehensive income for the year is attributable to:		
- Owners of the parent company	588,251	444,821
- Non-controlling interests	12,539	12,353
	<u>600,790</u>	<u>457,174</u>

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		162,771		155,530
Tangible assets	13		266,150		237,006
Investments	15		586,986		751,862
			<u>1,015,907</u>		<u>1,144,398</u>
Current assets					
Stocks	17	2,083,161		1,995,862	
Debtors	18	2,036,941		1,815,354	
Cash at bank and in hand		420,880		140,705	
		<u>4,540,982</u>		<u>3,951,921</u>	
Creditors: amounts falling due within one year	19	<u>(2,786,267)</u>		<u>(2,666,410)</u>	
Net current assets			<u>1,754,715</u>		<u>1,285,511</u>
Total assets less current liabilities			<u>2,770,622</u>		<u>2,429,909</u>
Creditors: amounts falling due after more than one year	20		(313,289)		(152,293)
Provisions for liabilities	23		(92,355)		(158,112)
Net assets			<u><u>2,364,978</u></u>		<u><u>2,119,504</u></u>

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Capital and reserves					
Called up share capital	26		98		97
Share premium account			4,498		3,219
Other reserves			39,097		4,146
Capital redemption reserve			46,748		46,748
Profit and loss reserves			2,107,736		1,911,032
			<hr/>		<hr/>
Equity attributable to owners of the parent company			2,198,177		1,965,242
Non-controlling interests			166,801		154,262
			<hr/>		<hr/>
			2,364,978		2,119,504
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 13/11/2019 and are signed on its behalf by:



Mr. E Bailey
Director

INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Intangible assets	12		162,771		155,530
Tangible assets	13		266,150		237,006
Investments	15		482,722		606,820
			<u>911,643</u>		<u>999,356</u>
Current assets					
Stocks	17	1,523,156		1,425,507	
Debtors	18	2,064,370		1,854,553	
Cash at bank and in hand		329,482		94,187	
		<u>3,917,008</u>		<u>3,374,247</u>	
Creditors: amounts falling due within one year	19	(2,719,173)		(2,578,707)	
Net current assets			<u>1,197,835</u>		<u>795,540</u>
Total assets less current liabilities			<u>2,109,478</u>		<u>1,794,896</u>
Creditors: amounts falling due after more than one year	20		(281,923)		(104,728)
Provisions for liabilities	23		2,745		(17,641)
Net assets			<u><u>1,830,300</u></u>		<u><u>1,672,527</u></u>
Capital and reserves					
Called up share capital	26		98		97
Share premium account			4,498		3,219
Capital redemption reserve			46,748		46,748
Profit and loss reserves			1,778,956		1,622,463
Total equity			<u><u>1,830,300</u></u>		<u><u>1,672,527</u></u>

The financial statements were approved by the board of directors and authorised for issue on 13/11/2019 and are signed on its behalf by:



Mr. E Bailey
Director

Company Registration No. 03150196

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£	£	£
Balance at 1 April 2017	97	3,219	46,748	55,882	1,763,012	1,868,958	141,909	2,010,867
Year ended 31 March 2018:								
Profit for the year	-	-	-	-	496,557	496,557	12,353	508,910
Other comprehensive income:								
Currency translation differences	-	-	-	(51,736)	-	(51,736)	-	(51,736)
Total comprehensive income for the year	-	-	-	(51,736)	496,557	444,821	12,353	457,174
Dividends	11	-	-	-	(348,537)	(348,537)	-	(348,537)
Balance at 31 March 2018	97	3,219	46,748	4,146	1,911,032	1,965,242	154,262	2,119,504

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non- controlling interest £	Total £
Year ended 31 March 2019:									
Profit for the year		-	-	-	-	553,300	553,300	12,539	565,839
Other comprehensive income:									
Currency translation differences on overseas subsidiaries		-	-	-	34,951	-	34,951	-	34,951
Total comprehensive income for the year		-	-	-	34,951	553,300	588,251	12,539	600,790
Issue of share capital	26	1	1,279	-	-	-	1,280	-	1,280
Dividends	11	-	-	-	-	(356,595)	(356,595)	-	(356,595)
Balance at 31 March 2019		98	4,498	46,748	39,097	2,107,736	2,198,177	166,801	2,364,978

INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		97	3,219	46,748	1,527,344	1,577,408
Year ended 31 March 2018:						
Profit and total comprehensive income for the year		-	-	-	443,656	443,656
Dividends	11	-	-	-	(348,537)	(348,537)
Balance at 31 March 2018		97	3,219	46,748	1,622,463	1,672,527
Year ended 31 March 2019:						
Profit and total comprehensive income for the year		-	-	-	513,088	513,088
Issue of share capital	26	1	1,279	-	-	1,280
Dividends	11	-	-	-	(356,595)	(356,595)
Balance at 31 March 2019		98	4,498	46,748	1,778,956	1,830,300

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	29	610,186	1,163,675
Interest paid		(15,518)	(22,493)
Income taxes paid		(127,364)	(273,728)
Net cash inflow from operating activities		467,304	867,454
Investing activities			
Purchase of intangible assets		(27,670)	(41,216)
Purchase of tangible fixed assets		(24,991)	(28,999)
Proceeds on disposal of tangible fixed assets		54,000	4,250
Decrease/(increase) in share of associates and loans		38,564	(149,248)
Decrease/(Increase) in other investments and loans		68,492	(68,492)
Interest received		3,233	1,082
Net cash generated from/(used in) investing activities		111,628	(282,623)
Financing activities			
Proceeds from issue of shares		1,280	-
Increase in/(repayment of) borrowings		(30,433)	57,119
Proceeds of new bank loans		250,000	-
Repayment of bank loans		(61,138)	(129,290)
Payment of finance leases obligations		(155,803)	(72,278)
Dividends paid to equity shareholders		(356,595)	(348,537)
Net cash used in financing activities		(352,689)	(492,986)
Net increase in cash and cash equivalents		226,243	91,845
Cash and cash equivalents at beginning of year		140,705	100,597
Effect of foreign exchange rates		34,951	(51,737)
Cash and cash equivalents at end of year		401,899	140,705
Relating to:			
Cash at bank and in hand		420,880	140,705
Bank overdrafts included in creditors payable within one year		(18,981)	-

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

International Hair Cosmetics Limited ("the company") is a private company limited by shares domiciled and incorporated in England and Wales. The registered office is 3 Acorn Business Centre, Northarbour Road, Portsmouth, PO6 3TH. The business address is The Quadrangle, Premier Way, Abbey Road, Romsey, SO51 9DL.

The group consists of International Hair Cosmetics Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £513,088 (2018 - £443,656 profit).

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods).

1.5 Intangible fixed assets other than goodwill

Intangible assets are stated at cost less amortisation. Intangibles are amortised to the profit and loss account over their estimated useful economic life. In the event that the trademark application represented by the asset is unsuccessful, the costs that have already been capitalised are treated as a disposal. Amortisation begins when the trademark has been accepted.

Research expenditure is written off against profits in the year in which it is incurred.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks and patents	7% straight line
------------------------	------------------

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15% straight line
Fixtures and fittings	15% straight line
Computer equipment	25% straight line
Motor vehicles	25% straight line
Equipment	25% straight line

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Fixed asset investments

In the group financial statements investments in associates are accounted for using the equity method. The group profit and loss account includes the group's share of associates' profits less losses while the group's share of net assets of the associates is shown in the consolidated balance sheet, together with any capitalised loans made to the associate.

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all directly attributable costs incurred in getting the stock to its current location and condition. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transaction or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies

(Continued)

1.16 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black-Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.18 Foreign exchange

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the profit and loss account.

For the purposes of preparing consolidated financial statements, the assets and liabilities of foreign subsidiary undertakings are translated at the exchange rates for the year, unless exchange rates fluctuated significantly in the year, in which case the exchange rates ruling at the dates of the transactions are used. Exchange differences arising are taken to the Group's foreign currency translation reserve.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Calculation of stock provisions

The group maintains a stock provision in order to maintain stock at the lower of cost and net realisable value. The provision is reviewed on a regular basis. The group uses specific criteria to calculate stock provisions, but establishing the criteria requires significant judgement. The group estimates the required provision using two methods:

- (a) by reviewing the sales data in the accounting system and comparing the expected annual consumption of the product lines against the stock holding of the product. Where slow-moving products are identified proportional provisions are made based on management judgement
- (b) by providing in full for specific product lines that management assess to be obsolete.

Recoverability of associate debt

Within the group there are material balances due from the associate undertakings, Australian Salon Professional Pty Limited and Asia Salon Professional Limited.

The directors have taken a long term view of the recovery of these debts, via future profits of these associated companies, as they currently have insufficient funds to pay the debt. At the date of signing these financial statements substantially all of these debts remain unrecovered, however the directors remain of the opinion that the debt will be recovered ultimately.

Share-based payments

In accordance with FRS 102 Section 26, the Directors have considered the fair value of the share options granted under the company's Equity Incentive Plan's with reference to the Black-Scholes pricing model, in calculating the expense to be recognised within the financial statements on a straight-line basis over the vesting period. The Directors have judged that the resulting expense is not significant to these financial statements and accordingly have not provided for this expense within these financial statements.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

Turnover analysed by geographical market	2019 £'000	2018 £'000
UK	4,700	4,853
Europe	2,667	2,515
USA	3,063	2,200
Rest of world	391	641
	<u>10,821</u>	<u>10,209</u>

4 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	<u>10,000</u>	<u>10,000</u>

5 Operating profit/(loss)

	2019 £	2018 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange gains/(losses)	(11,260)	133,799
Depreciation of owned tangible fixed assets	29,942	35,081
Depreciation of tangible fixed assets held under finance leases and hire purchase agreements	88,628	76,917
Profit on disposal of tangible fixed assets	(20,862)	19
Amortisation of intangible assets	20,429	16,032
Operating lease charges	<u>247,053</u>	<u>311,122</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	213,985	169,367
Company pension contributions to defined contribution schemes	14,483	37,207
	<u>228,468</u>	<u>206,574</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2018 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	<u>92,420</u>	<u>-</u>

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Administrative	17	17	12	13
Export	1	1	1	1
Marketing	5	4	5	4
Procurement	3	3	3	3
Sales	5	5	5	5
Technical	8	6	8	6
Warehouse	16	18	11	11
	<u>55</u>	<u>54</u>	<u>45</u>	<u>43</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	2,044,620	1,914,374	1,459,981	1,360,120
Social security costs	158,740	146,282	158,740	146,282
Pension costs	87,697	111,083	87,697	111,083
	<u>2,291,057</u>	<u>2,171,739</u>	<u>1,706,418</u>	<u>1,617,485</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,864	11,237
Interest on finance leases and hire purchase contracts	8,654	11,256
	<u>15,518</u>	<u>22,493</u>

9 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	-	21
Other interest income	3,233	1,061
	<u>3,233</u>	<u>1,082</u>

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	82,986	81,010
Foreign current tax on profits for the current period	43,210	60,204
Share of associate taxation charge	13,416	4,765
	<u>139,612</u>	<u>145,979</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences

(76,031)

(640)

Total tax charge

63,581

145,339

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	629,420	654,249
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	119,590	124,307
Tax effect of expenses that are not deductible in determining taxable profit	3,129	6,466
Change in unrecognised deferred tax assets	(19,000)	-
Effect of change in corporation tax rate	1,107	(2,075)
Depreciation on assets not qualifying for tax allowances	703	752
Amortisation on assets not qualifying for tax allowances	1,290	2,655
Research and development tax credit	(34,010)	(33,159)
Effect of overseas tax rates	(9,228)	46,393
Tax expense for the year	63,581	145,339

11 Dividends

	2019 £	2018 £
Dividends paid to the company's shareholders	356,595	348,537

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Intangible fixed assets

Group	Trademarks and patents
	£
Cost	
At 1 April 2018	317,065
Additions - internally developed	27,670
	<hr/>
At 31 March 2019	344,735
	<hr/>
Amortisation and impairment	
At 1 April 2018	161,535
Amortisation charged for the year	20,429
	<hr/>
At 31 March 2019	181,964
	<hr/>
Carrying amount	
At 31 March 2019	162,771
	<hr/>
At 31 March 2018	155,530
	<hr/>
Company	Trademarks and patents
	£
Cost	
At 1 April 2018	317,065
Additions - internally developed	27,670
	<hr/>
At 31 March 2019	344,735
	<hr/>
Amortisation and impairment	
At 1 April 2018	161,535
Amortisation charged for the year	20,429
	<hr/>
At 31 March 2019	181,964
	<hr/>
Carrying amount	
At 31 March 2019	162,771
	<hr/>
At 31 March 2018	155,530
	<hr/>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2018	71,010	51,073	156,074	128,249	52,284	458,690
Additions	-	2,799	22,192	155,860	-	180,851
Disposals	-	-	-	(95,462)	-	(95,462)
Exchange adjustments	-	(822)	-	-	-	(822)
At 31 March 2019	71,010	53,050	178,266	188,647	52,284	543,257
Depreciation and impairment						
At 1 April 2018	21,824	30,588	68,423	76,674	24,174	221,683
Depreciation charged in the year	10,990	4,812	42,366	47,331	13,071	118,570
Eliminated in respect of disposals	-	-	-	(62,324)	-	(62,324)
Exchange adjustments	-	(822)	-	-	-	(822)
At 31 March 2019	32,814	34,578	110,789	61,681	37,245	277,107
Carrying amount						
At 31 March 2019	38,196	18,472	67,477	126,966	15,039	266,150
At 31 March 2018	49,186	20,486	87,649	51,575	28,110	237,006

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

(Continued)

Company	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Motor vehicles £	Equipment £	Total £
Cost						
At 1 April 2018	71,010	29,980	156,074	128,249	52,284	437,597
Additions	-	2,799	22,192	155,860	-	180,851
Disposals	-	-	-	(95,462)	-	(95,462)
At 31 March 2019	71,010	32,779	178,266	188,647	52,284	522,986
Depreciation and impairment						
At 1 April 2018	21,824	9,495	68,423	76,674	24,174	200,590
Depreciation charged in the year	10,990	4,812	42,366	47,331	13,071	118,570
Eliminated in respect of disposals	-	-	-	(62,324)	-	(62,324)
At 31 March 2019	32,814	14,307	110,789	61,681	37,245	256,836
Carrying amount						
At 31 March 2019	38,196	18,472	67,477	126,966	15,039	266,150
At 31 March 2018	49,186	20,486	87,649	51,575	28,110	237,006

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

13 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2019 £	2018 £	Company 2019 £	2018 £
Equipment	15,039	10,989	15,039	10,989
Fixtures and fittings	8,511	10,867	8,511	10,867
Motor vehicles	126,966	51,575	126,966	51,575
Computer equipment	26,892	52,744	26,892	52,744
	<u>177,408</u>	<u>126,175</u>	<u>177,408</u>	<u>126,175</u>
Depreciation charge for the year in respect of leased assets	<u>88,628</u>	<u>76,917</u>	<u>88,628</u>	<u>76,917</u>

14 Subsidiaries

Details of the company's subsidiary at 31 March 2019 is as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Affinage Salon Professional Inc	USA	Supply and distribution of quality hair products	Ordinary	70.00

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	14	-	-	8,048	8,048
Investments in associates	16	463,287	470,165	227,441	227,441
Loans to associates		123,699	281,697	247,233	371,331
		<u>586,986</u>	<u>751,862</u>	<u>482,722</u>	<u>606,820</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Fixed asset investments

(Continued)

Group	Long-term loans to associate undertakings £
Loans	
At 1 April 2018	281,697
Additions	5,447
Forex valuation changes	13,988
Impairment	(132,850)
Repayment	(44,583)
At 31 March 2019	123,699

The above long-term loans represent informal debts due from associates, there are no formal terms and the directors have taken a long-term view in respect of their recoverability, hence have presented as investments as they believe this to be a fairer representation.

	At 1 April 2018	Additions	Share of total comprehensive income of associate	Disposal	Goodwill amortisation	At 31 March 2019
Share of net assets/(liabilities)/cost of associates	£	£	£	£	£	£
Visionhaire S.R.L ("Visionhaire")	323,172	-	12,933	-	-	336,105
Beauty Boulevard Limited ("BBL")	146,993	-	(23,799)	-	3,988	127,182
Total	470,165	-	(10,866)	-	3,988	463,287

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

16 Associates

Details of associates at 31 March 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held
Australian Salon Professional Pty Limited ("ASPP")	Australia	Supply and distribution of quality hair products	Ordinary	35.00
Visionhaire S.R.L ("Visionhaire")	Italy	Manufacture of quality hair products	Ordinary	50.00
Asia Salon Professional Limited ("ASPL")	Hong Kong	Supply and distribution of quality hair products	Ordinary	50.00
Beauty Boulevard Limited ("BBL")	United Kingdom	Supply and distribution of quality hair products	Ordinary	46.00

17 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	2,083,161	1,995,862	1,523,156	1,425,507

18 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	1,784,363	1,410,281	1,444,522	1,065,531
Amounts due from subsidiary undertakings	-	-	198,364	211,338
Amounts due from associate undertakings	153,106	104,445	313,643	264,982
Other debtors	63,194	132,288	56,066	128,243
Prepayments and accrued income	36,278	168,340	51,775	184,459
	2,036,941	1,815,354	2,064,370	1,854,553

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

19 Creditors: amounts falling due within one year

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts	21	133,379	53,981	118,658	40,284
Obligations under finance leases and hire purchase agreements	22	43,549	76,043	43,549	76,043
Commercial finance loan	21	641,217	671,650	641,217	671,650
Trade creditors		684,294	513,554	648,404	469,271
Amounts due to undertakings in which the group has a participating interest		423,427	409,715	423,427	409,715
Corporation tax payable		82,986	81,010	82,986	81,010
Other taxation and social security		115,472	142,553	114,323	141,366
Other creditors		23,403	105,311	8,069	76,775
Accruals and deferred income		638,540	612,593	638,540	612,593
		<u>2,786,267</u>	<u>2,666,410</u>	<u>2,719,173</u>	<u>2,578,707</u>

20 Creditors: amounts falling due after more than one year

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts	21	206,922	78,477	175,556	30,912
Obligations under finance leases and hire purchase agreements	22	106,367	73,816	106,367	73,816
		<u>313,289</u>	<u>152,293</u>	<u>281,923</u>	<u>104,728</u>

The total creditors falling due in greater than five years is £nil (2018 - £nil).

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	321,320	132,458	275,233	71,196
Bank overdrafts	18,981	-	18,981	-
Commercial finance loan	641,217	671,650	641,217	671,650
	<u>981,518</u>	<u>804,108</u>	<u>935,431</u>	<u>742,846</u>
Payable within one year	774,596	725,631	759,875	711,934
Payable after one year	<u>206,922</u>	<u>78,477</u>	<u>175,556</u>	<u>30,912</u>

The long-term loans are secured by fixed and floating charges over the company assets.

The commercial finance loan is secured on the trade debtors of the company.

There are two bank loans outstanding at the balance sheet date. These are repaid on a monthly basis over a total term of three years and accrue interest at 2.79% and 3.22% fixed rates respectively.

22 Finance lease and hire purchase obligations

Future minimum lease payments due under finance leases and hire purchase agreements:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	43,549	76,043	43,549	76,043
In two to five years	90,652	73,816	90,652	73,816
In over five years	15,715	-	15,715	-
	<u>149,916</u>	<u>149,859</u>	<u>149,916</u>	<u>149,859</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery and vehicles, and the agreements are secured on the assets to which they relate. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

23 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Origination and reversal of timing differences	(2,745)	17,641
Timing differences on foreign taxation of subsidiaries	95,100	140,471
	<u>92,355</u>	<u>158,112</u>
	Liabilities 2019 £	Liabilities 2018 £
Company		
Origination and reversal of timing differences	<u>(2,745)</u>	<u>17,641</u>
	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 April 2018	158,112	17,641
Credit to profit or loss	(76,031)	(20,386)
Charge to other comprehensive income	10,274	-
Liability/(asset) at 31 March 2019	<u>92,355</u>	<u>(2,745)</u>

24 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>87,697</u>	<u>111,083</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

25 Share-based payment transactions

Equity-settled share based payments

The company has issued share options to certain individuals to subscribe for Ordinary D shares of the company. All of the share options have been granted under the company's 2010 Equity Incentive Plan, 2015 Equity Incentive Plan and 2017 Equity Incentive Plan. A summary of the share options granted at 31 March 2019 are as follows:

Group and company	Number of share options		Weighted average exercise price	
	2019 Number	2018 Number	2019 £	2018 £
Outstanding at 1 April 2018	142	142	21.12	21.12
Exercised	(58)	-	22.07	-
	<u>84</u>	<u>142</u>	<u>20.48</u>	<u>21.12</u>
Outstanding at 31 March 2019	84	142	20.48	21.12
	<u>84</u>	<u>142</u>	<u>20.48</u>	<u>21.12</u>
Exercisable at 31 March 2019	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2019 had an exercise price ranging from £19 to £40, and a remaining contractual life of 1 to 8 years.

26 Share capital

	Group and company	
	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
7,664 Ordinary A shares of 1p each (2018: 7,664)	77	77
954 Ordinary B shares of 1p each (2018: 954)	10	10
500 Ordinary C shares of 1p each (2018: 500)	5	5
146 Ordinary D shares of 1p each (2018: 88)	2	1
382 Ordinary E shares of 1p each (2018: 382)	4	4
	<u>98</u>	<u>97</u>
	<u>98</u>	<u>97</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights.

During the year the company issued 40 Ordinary D shares of £0.01 each for £19, 10 Ordinary D shares of £0.01 each for £20 and 8 Ordinary D shares of £0.01 each for £40 through the exercise of options under the company's EMI share option scheme.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	209,565	228,811	209,565	228,811
Between two and five years	676,465	686,978	676,465	686,978
In over five years	161,750	323,500	161,750	323,500
	<u>1,047,780</u>	<u>1,239,289</u>	<u>1,047,780</u>	<u>1,239,289</u>

28 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£	£	£	£
Company				
Fellow group undertakings	213,809	286,620	-	-
Entities in which the company has a participating interest	293,155	344,021	1,523,746	1,556,231
Entities in which the directors have a participating interest	<u>433,233</u>	<u>349,690</u>	<u>-</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2019	2018
	£	£
Company		
Fellow group undertakings	198,364	211,338
Entities in which the company has a participating interest	478,331	636,312
Entities in which the directors have a participating interest	<u>128,862</u>	<u>23,156</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2019	2018
	£	£
Company		
Entities in which the company has a participating interest	423,427	409,715

No guarantees have been given or received.

The directors maintain a loan account with the company. At the balance sheet date, the directors owed £nil to the company (2018 - £19,123). The maximum balance on the account during the year was £143,781. Interest was charged on overdrawn balances at 2.5%, totalling £140.

Dividends of £356,596 (2018 - £348,537) were paid to company directors and their families during the year.

29 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	565,839	508,910
Adjustments for:		
Share of results of associates and joint ventures	(6,538)	(63,190)
Taxation charged	63,581	145,339
Finance costs	15,518	22,493
Investment income	(3,233)	(1,082)
(Gain)/loss on disposal of tangible fixed assets	(20,862)	19
Amortisation and impairment of intangible assets	20,429	16,032
Depreciation and impairment of tangible fixed assets	118,570	111,998
Gain on sale of investments	-	(4,734)
Amounts written off investments	132,850	139,821
Movements in working capital:		
(Increase)/decrease in stocks	(87,298)	26,483
(Increase)/decrease in debtors	(290,080)	222,139
Increase in creditors	101,410	39,447
Cash generated from operations	610,186	1,163,675