

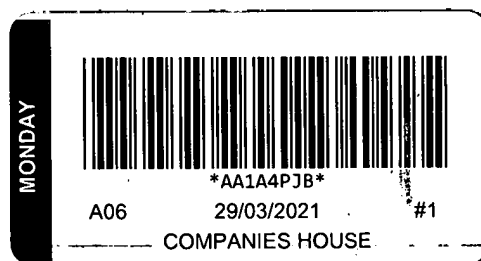
Company Registration No. 03150196 (England and Wales)

INTERNATIONAL HAIR COSMETICS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020



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 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of the business

International Hair Cosmetics Limited's (IHCL) headline performance in 2019-20 shows a reduction in turnover of 10% for the group, but this represents the impact of several factors and underlying performance remains robust. The business remains well-positioned to manage the significant market and environmental risks going forward.

At company level, management focus is on turnover and margin generated in each market segment and business unit. On this basis, IHCL's performance in 2019-20 was broadly in line with expectations and represented a reduction of 5% on Turnover but only a 2% reduction on Gross Profit, reflecting strong cost-control measures.

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 three professional markets were all impacted significantly by the relaunch of our largest product range, Infiniti hair colour, in January 2020. The launch was well-received and a great success. However, as projected, sales of the retired generation of Infiniti were significantly lower in the last 3 months of its active listing. Shortly after the launch, the first impacts of the COVID19 pandemic were being felt in key export markets, and latterly into the UK also. Private label was impacted primarily by timing changes, which lead to significant orders shifting in to 2020-21, leading to a strong following year performance but a contraction from 2018-19 of 13%.

Overheads have reduced by almost 1% driven by small cost-savings and efficiencies across the board. Several significant steps taken will impact in future years due to remaining term on existing contracts, and the reduction in investment spend in this year and prior years to ready IHCL for Brexit and other organisation changes.

Commentary on principal risks and uncertainties affecting the business

The impact of COVID19 is extremely significant, with the uncertainty around the duration, scale of disruption, and financial result of the pandemic requiring constant management focus. IHCL remains committed to supporting its staff, suppliers and customers through the crisis, whilst ensuring that cash reserves are actively managed to ensure it is well-positioned to adapt to challenges as they arrive and to thrive in the post-COVID19 environment.

The outcome of Brexit negotiations, and its impact upon the trading relations with the EU and third countries is a principal risk to many areas of the business. IHCL's supply chain bears the most significant risks, and our primary mitigation of establishing a new logistics base in Italy has been completed.

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 2020

Commentary on future developments affecting the business

The impact of COVID19 remains the largest medium-term risk. At the end of 2019-20 the UK and other major export markets entered variants of regional and national lockdowns, including the closing of hairdressers. UK government support schemes will be accessed where appropriate in order to retain staff and manage cash reserves. Further significant cost-cutting has been undertaken and will continue to be reviewed. As a result of lockdown, many existing overhead costs will become unnecessary, leading to some upside, which may be retained post-COVID19.

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.

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



Date:

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

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 10.

Ordinary dividends were paid amounting to £443,486. 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.

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

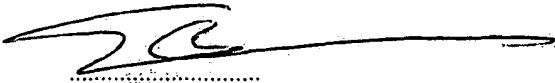
Auditor

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: 24.03.2021

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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 2020 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 2020 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.



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

Statutory Auditor
Office: Portsmouth

Date: 25 March 2021

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	10,079,564	10,821,052
Cost of sales		(5,393,347)	(5,582,677)
Gross profit		4,686,217	5,238,375
Distribution costs		(2,500,009)	(2,031,289)
Administrative expenses		(2,031,369)	(2,439,069)
Operating profit	5	154,839	768,017
Share of results of associates and joint ventures		42,607	6,538
Interest receivable and similar income	10	5,368	3,233
Interest payable and similar expenses	8	(18,829)	(15,518)
Profit/(loss) on investments	9	90,472	(132,850)
Profit before taxation		274,457	629,420
Taxation	11	37,603	(63,581)
Profit for the financial year		312,060	565,839
Profit for the financial year is attributable to:			
- Owners of the parent company		325,357	553,300
- Non-controlling interests		(13,297)	12,539
		312,060	565,839

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 2020

	2020 £	2019 £
Profit for the year	312,060	565,839
Other comprehensive income		
Currency translation differences	26,191	34,951
Total comprehensive income for the year	<u>338,251</u>	<u>600,790</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	351,548	588,251
- Non-controlling interests	(13,297)	12,539
	<u>338,251</u>	<u>600,790</u>

The notes on pages 19 to 44 form part of these financial statements

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	12	235,418		162,772	
Tangible assets	14	176,911		266,150	
Investments	16	377,949		586,986	
		<u>790,278</u>		<u>1,015,908</u>	
Current assets					
Stocks	17	2,718,600		2,083,161	
Debtors	19	1,926,365		2,039,685	
Cash at bank and in hand		596,936		420,880	
		<u>5,241,901</u>		<u>4,543,726</u>	
Creditors: amounts falling due within one year	20	<u>(3,504,574)</u>		<u>(2,786,267)</u>	
Net current assets		<u>1,737,327</u>		<u>1,757,459</u>	
Total assets less current liabilities		<u>2,527,605</u>		<u>2,773,367</u>	
Creditors: amounts falling due after more than one year	21	(190,213)		(313,289)	
Provisions for liabilities	24	(76,912)		(95,100)	
Net assets		<u><u>2,260,480</u></u>		<u><u>2,364,978</u></u>	

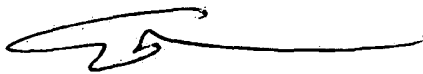
INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Capital and reserves					
Called up share capital	27		97		98
Share premium account			5,238		4,498
Other reserves			65,288		39,097
Capital redemption reserve			46,748		46,748
Profit and loss reserves			1,989,605		2,107,736
Equity attributable to owners of the parent company			2,106,976		2,198,177
Non-controlling interests			153,504		166,801
			<u>2,260,480</u>		<u>2,364,978</u>

The financial statements were approved by the board of directors and authorised for issue on 24/3/2021 and are signed on its behalf by:



Mr. E Bailey
Director

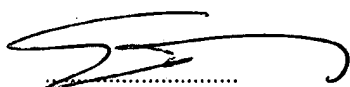
INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2019 £
Fixed assets			
Intangible assets	12	235,418	162,772
Tangible assets	14	176,911	266,150
Investments	16	145,489	482,722
		<u>557,818</u>	<u>911,644</u>
Current assets			
Stocks	17	1,987,836	1,523,156
Debtors	19	1,985,006	2,067,114
Cash at bank and in hand		538,157	329,482
		<u>4,510,999</u>	<u>3,919,752</u>
Creditors: amounts falling due within one year	20	<u>(3,290,923)</u>	<u>(2,719,173)</u>
Net current assets		<u>1,220,076</u>	<u>1,200,579</u>
Total assets less current liabilities		<u>1,777,894</u>	<u>2,112,223</u>
Creditors: amounts falling due after more than one year	21	<u>(179,691)</u>	<u>(281,923)</u>
Net assets		<u><u>1,598,203</u></u>	<u><u>1,830,300</u></u>
Capital and reserves			
Called up share capital	27	97	98
Share premium account		5,238	4,498
Capital redemption reserve		46,748	46,748
Profit and loss reserves		1,546,120	1,778,956
Total equity		<u><u>1,598,203</u></u>	<u><u>1,830,300</u></u>

The financial statements were approved by the board of directors and authorised for issue on 24/02/2021 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 2020

	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 2018	96	3,219	46,748	4,146	1,911,032	1,965,242	154,262	2,119,504
Year ended 31 March 2019:								
Profit for the year	-	-	-	-	553,300	553,300	12,539	565,839
Other comprehensive income:								
Currency translation differences	-	-	-	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	1	1,279	-	-	-	1,280	-	1,280
Dividends	13	-	-	-	(356,596)	(356,596)	-	(356,596)
Balance at 31 March 2019	97	4,498	46,748	39,097	2,107,736	2,198,177	166,801	2,364,978

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

	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 2020:									
Profit for the year		-	-	-	-	325,356	325,356	(13,297)	312,059
Other comprehensive income:									
Currency translation differences on overseas subsidiaries		-	-	-	26,191	-	26,191	-	26,191
Total comprehensive income for the year		-	-	-	26,191	325,356	351,547	(13,297)	338,250
Issue of share capital	27	-	740	-	-	-	760	-	760
Dividends	13	-	-	-	-	(443,486)	(443,486)	-	(443,486)
Balance at 31 March 2020		97	5,238	46,748	65,288	1,989,605	2,106,976	153,504	2,260,480

INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		96	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		1	1,279	-	-	1,280
Dividends	13	-	-	-	(356,595)	(356,595)
Balance at 31 March 2019		97	4,498	46,748	1,778,956	1,830,300
Year ended 31 March 2020:						
Profit and total comprehensive income for the year		-	-	-	210,650	210,650
Issue of share capital	27	-	740	-	-	760
Dividends	13	-	-	-	(443,486)	(443,486)
Balance at 31 March 2020		97	5,238	46,748	1,546,120	1,598,203

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020	2019
		£	£
Cash flows from operating activities			
Cash generated from operations	30	613,246	610,186
Interest paid		(18,829)	(15,518)
Income taxes paid		(80,924)	(127,364)
Net cash inflow from operating activities		513,493	467,304
Investing activities			
Purchase of intangible assets		(96,080)	(27,670)
Purchase of tangible fixed assets		(27,331)	(24,991)
Proceeds on disposal of tangible fixed assets		-	54,000
Decrease/(increase) in share of associates and loans		251,644	38,564
Decrease/(Increase) in other investments and loans		90,472	68,492
Interest received		5,368	3,233
Net cash generated from investing activities		224,073	111,628
Financing activities			
Proceeds from issue of shares		740	1,280
Increase in/(repayment of) borrowings		32,530	(30,433)
Proceeds of new bank loans		-	250,000
Repayment of bank loans		(119,818)	(61,138)
Payment of finance leases obligations		(38,686)	(155,803)
Dividends paid to equity shareholders		(443,486)	(356,595)
Net cash used in financing activities		(568,720)	(352,689)
Net increase in cash and cash equivalents		168,846	226,243
Cash and cash equivalents at beginning of year		401,899	140,705
Effect of foreign exchange rates		26,191	34,951
Cash and cash equivalents at end of year		596,936	401,899
Relating to:			
Cash at bank and in hand		596,936	420,880
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 2020

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, Cosham, 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.

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 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': 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.

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 £210,650 (2019 - £513,088 profit).

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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 transaction 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 2020

i 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.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 profit or loss 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 profit or loss 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 leased 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.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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 2020****3 Turnover and other revenue**

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

Turnover analysed by geographical market	2020 £'000	2019 £'000
UK	4,981	4,700
Europe	2,470	2,667
USA	2,418	3,063
Rest of world	211	391
	<u>10,080</u>	<u>10,821</u>

4 Auditor's remuneration

	2020 £	2019 £
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

	2020 £	2019 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	4,515	(11,260)
Depreciation of owned tangible fixed assets	60,932	29,942
Depreciation of tangible fixed assets held under finance leases and hire purchase agreements	55,521	88,628
Profit on disposal of tangible fixed assets	117	(20,862)
Amortisation of intangible assets	23,434	20,428
Operating lease charges	<u>247,053</u>	<u>312,012</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	219,363	213,985
Company pension contributions to defined contribution schemes	14,516	14,483
	<u>233,879</u>	<u>228,468</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2019 - 3).

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

	2020 £	2019 £
Remuneration for qualifying services	<u>88,999</u>	<u>92,420</u>

7 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Administrative	18	17	14	12
Export	1	1	1	1
Marketing	5	5	5	5
Procurement	3	3	3	3
Sales	5	5	5	5
Technical	8	8	8	8
Warehouse	21	16	17	11
	<u>61</u>	<u>55</u>	<u>53</u>	<u>45</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	1,936,114	2,044,620	1,528,236	1,459,981
Social security costs	146,892	158,740	79,137	158,740
Pension costs	63,671	87,697	63,671	87,697
	<u>2,146,677</u>	<u>2,291,057</u>	<u>1,671,044</u>	<u>1,706,418</u>

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	11,896	6,864
Interest on hire purchase contracts	4,943	8,654
	<u>16,839</u>	<u>15,518</u>
Other finance costs:		
Other interest	1,990	-
	<u>18,829</u>	<u>15,518</u>

9 Amounts written off investments

	2020 £	2019 £
Gain on disposal of associated undertaking	90,472	-
Other gains and losses	-	(132,850)
	<u>90,472</u>	<u>(132,850)</u>

10 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Other interest income	5,368	3,233
	<u>5,368</u>	<u>3,233</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	82,986
Foreign current tax on profits for the current period	1,188	43,210
Share of associate taxation charge	763	13,416
	<u>1,951</u>	<u>139,612</u>
Deferred tax		
Origination and reversal of timing differences	(39,554)	(76,031)
	<u>(39,554)</u>	<u>(76,031)</u>
Total tax charge	<u>(37,603)</u>	<u>63,581</u>

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

	2020	2019
	£	£
Profit before taxation	<u>274,457</u>	<u>629,420</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	52,147	119,590
Tax effect of expenses that are not deductible in determining taxable profit	2,501	3,129
Gains not taxable	(15,787)	-
Change in unrecognised deferred tax assets	(35,722)	(19,000)
Effect of change in corporation tax rate	-	1,107
Depreciation on assets not qualifying for tax allowances	558	703
Amortisation on assets not qualifying for tax allowances	1,026	1,290
Research and development tax credit	(33,033)	(34,010)
Effect of overseas tax rates	(9,293)	(9,228)
Tax expense for the year	<u>(37,603)</u>	<u>63,581</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Intangible fixed assets.

Group	Trademarks and patents £
Cost	
At 1 April 2019	344,735
Additions - internally developed	96,080
At 31 March 2020	440,815
Amortisation and impairment	
At 1 April 2019	181,963
Amortisation charged for the year	23,434
At 31 March 2020	205,397
Carrying amount	
At 31 March 2020	235,418
At 31 March 2019	162,772
Company	Trademarks and patents £
Cost	
At 1 April 2019	344,735
Additions - internally developed	96,080
At 31 March 2020	440,815
Amortisation and impairment	
At 1 April 2019	181,963
Amortisation charged for the year	23,434
At 31 March 2020	205,397
Carrying amount	
At 31 March 2020	235,418
At 31 March 2019	162,772

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Dividends

	2020	2019
	£	£
Dividends paid to the company's shareholders	443,486	356,595

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Tangible fixed assets

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	71,010	53,050	178,266	188,647	52,284	543,257
Additions	-	9,415	17,916	-	-	27,331
Disposals	-	-	(282)	-	-	(282)
Exchange adjustments	-	956	-	-	-	956
At 31 March 2020	71,010	63,421	195,900	188,647	52,284	571,262
Depreciation and impairment						
At 1 April 2019	32,814	34,578	110,789	61,681	37,245	277,107
Depreciation charged in the year	10,653	4,873	45,869	42,465	12,593	116,453
Eliminated in respect of disposals	-	-	(165)	-	-	(165)
Exchange adjustments	-	956	-	-	-	956
At 31 March 2020	43,467	40,407	156,493	104,146	49,838	394,351
Carrying amount						
At 31 March 2020	27,543	23,014	39,407	84,501	2,446	176,911
At 31 March 2019	38,196	18,472	67,477	126,966	15,039	266,150

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Tangible fixed assets

(Continued)

Company	Leasehold improvements	Fixtures and fittings	Computer equipment	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2019	71,010	32,779	178,266	188,647	52,284	522,986
Additions	-	9,415	17,916	-	-	27,331
Disposals	-	-	(282)	-	-	(282)
At 31 March 2020	71,010	42,194	195,900	188,647	52,284	550,035
Depreciation and impairment						
At 1 April 2019	32,814	14,307	110,789	61,681	37,245	256,836
Depreciation charged in the year	10,653	4,873	45,869	42,465	12,593	116,453
Eliminated in respect of disposals	-	-	(165)	-	-	(165)
At 31 March 2020	43,467	19,180	156,493	104,146	49,838	373,124
Carrying amount						
At 31 March 2020	27,543	23,014	39,407	84,501	2,446	176,911
At 31 March 2019	38,196	18,472	67,477	126,966	15,039	266,150

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 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 2020 £	2019 £	Company 2020 £	2019 £
Equipment	-	15,039	-	15,039
Fixtures and fittings	-	8,511	-	8,511
Motor vehicles	84,501	126,966	84,501	126,966
Computer equipment	-	26,892	-	26,892
	<u>84,501</u>	<u>177,408</u>	<u>84,501</u>	<u>177,408</u>
Depreciation charge for the year in respect of leased assets	<u>55,521</u>	<u>88,628</u>	<u>55,521</u>	<u>88,628</u>

15 Subsidiaries

Details of the company's subsidiary at 31 March 2020 is as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Affinage Salon Professional Inc	USA	Ordinary	70

16 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	8,048	8,048
Investments in associates	18	377,949	463,287	137,441	227,441
Loans to associates		-	123,699	-	247,233
		<u>377,949</u>	<u>586,986</u>	<u>145,489</u>	<u>482,722</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Fixed asset investments

(Continued)

Group	Long-term loans to associate undertakings £
Loans	
At 1 April 2019	123,699
Derecognition as fixed asset investment	(123,699)
At 31 March 2020	-

The above long-term loans represented informal debts due from associates which were disclosed as investments due to applying a long term view regarding recoverability. The directors have assessed the recoverability likelihood and timescales of these debts and have opted to re-categorise these from long term investments to short term trading debts and provided for impairment where appropriate.

	At 1 April 2019	Additions	Share of total comprehensive income of associate	Disposal	Goodwill amortisation	At 31 March 2020
Share of net assets/(liabilities)/cost of associates	£	£	£	£	£	£
Australian Salon Professional Pty Limited ("ASPP")	-	-	-	-	-	-
Visionhaire S.R.L ("Visionhaire")	336,105	-	41,844	-	-	377,949
Asia Salon Professional Limited ("ASPL")	-	-	-	-	-	-
Beauty Boulevard Limited ("BBL")	127,182	-	-	(127,182)	-	-
Total	463,287	-	41,844	(127,182)	-	377,949

During the period the group disposed of its interest in BBL for proceeds amounting to £217,654. The resulting gain on disposal of £90,472 is shown within profit and loss as a profit on disposal of associate undertaking.

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	2,718,600	2,083,161	1,987,836	1,523,156

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Associates

Details of associates at 31 March 2020 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

19 Debtors

	Group 2020	2019	Company 2020	2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,472,575	1,784,362	1,197,727	1,444,521
Amounts due from subsidiary undertakings	-	-	235,005	198,364
Amounts due from associate undertakings	126,505	153,106	234,564	313,643
Other debtors	147,031	63,194	143,418	56,066
Prepayments and accrued income	160,156	36,278	154,194	51,775
	<u>1,906,267</u>	<u>2,036,940</u>	<u>1,964,908</u>	<u>2,064,369</u>
Amounts falling due after one year:				
Deferred tax asset (note 24)	<u>20,098</u>	<u>2,745</u>	<u>20,098</u>	<u>2,745</u>
Total debtors	<u>1,926,365</u>	<u>2,039,685</u>	<u>1,985,006</u>	<u>2,067,114</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	86,438	133,379	71,022	118,658
Obligations under finance leases and hire purchase agreements	23	36,081	43,549	36,081	43,549
Commercial finance loan	22	673,747	641,217	673,747	641,217
Trade creditors		1,105,638	684,294	1,100,326	648,404
Amounts due to group undertakings		-	-	1,420	-
Amounts due to undertakings in which the group has a participating interest		484,032	423,427	369,202	423,427
Corporation tax payable		-	82,986	-	82,986
Other taxation and social security		20,392	115,472	20,148	114,323
Other creditors		610,340	23,403	574,216	8,069
Accruals and deferred income		487,907	638,540	444,761	638,540
		<u>3,504,575</u>	<u>2,786,267</u>	<u>3,290,923</u>	<u>2,719,173</u>

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	22	115,064	206,922	104,542	175,556
Obligations under finance leases and hire purchase agreements	23	75,149	106,367	75,149	106,367
		<u>190,213</u>	<u>313,289</u>	<u>179,691</u>	<u>281,923</u>

The total creditors falling due in greater than five years is £nil (2019 - £nil).

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Loans and overdrafts

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	201,502	321,320	175,564	275,233
Bank overdrafts	-	18,981	-	18,981
Commercial finance loan	673,747	641,217	673,747	641,217
	<u>875,249</u>	<u>981,518</u>	<u>849,311</u>	<u>935,431</u>
Payable within one year	760,185	774,596	744,769	759,875
Payable after one year	<u>115,064</u>	<u>206,922</u>	<u>104,542</u>	<u>175,556</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.

23 Finance lease and hire purchase obligations

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

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Within one year	36,081	43,549	36,081	43,549
In two to five years	75,149	90,652	75,149	90,652
In over five years	-	15,715	-	15,715
	<u>111,230</u>	<u>149,916</u>	<u>111,230</u>	<u>149,916</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 2020

24 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 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Origination and reversal of timing differences	-	-	20,098	2,745
Timing differences on foreign taxation of subsidiaries	76,912	95,100	-	-
	<u>76,912</u>	<u>95,100</u>	<u>20,098</u>	<u>2,745</u>

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Company				
Origination and reversal of timing differences	-	-	20,098	2,745
	<u>-</u>	<u>-</u>	<u>20,098</u>	<u>2,745</u>

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability/(asset) at 1 April 2019	92,355	(2,745)
Credit to profit or loss	(35,541)	(17,353)
Liability/(asset) at 31 March 2020	<u>56,814</u>	<u>(20,098)</u>

25 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>63,671</u>	<u>87,697</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 2020****26 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	
	2020 Number	2019 Number	2020 £	2019 £
Outstanding at 1 April 2019	84	142	20.48	21.12
Exercised	(34)	(58)	21.76	22.07
Outstanding at 31 March 2020	<u>50</u>	<u>84</u>	<u>19.60</u>	<u>20.48</u>
Exercisable at 31 March 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The options outstanding at 31 March 2020 had an exercise price ranging from £19 to £40, and a remaining contractual life of 1 to 3 years.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

27 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
5,572 Ordinary A shares of 1p each (2019: 7,664)	56	77
2,000 Ordinary B shares of 1p each (2019: 954)	20	10
500 Ordinary C shares of 1p each (2019: 500)	5	5
180 Ordinary D shares of 1p each (2019: 146)	2	1
382 Ordinary E shares of 1p each (2019: 382)	4	4
1,046 Ordinary F shares of 1p each (2019: nil)	10	-
	<u>97</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 4 Ordinary D shares of £0.01 each for £40, 10 Ordinary D shares of £0.01 each for £20 and 20 Ordinary D shares of £0.01 each for £19 through the exercise of options under the company's EMI share option scheme.

During the year 2,092 Ordinary A shares of £0.01 each were recategorised as 1,046 Ordinary B shares of £0.01 each and 1,046 Ordinary F shares of £0.01 each.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

28 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 2020	2019	Company 2020	2019
	£	£	£	£
Within one year	225,799	209,565	225,799	209,565
Between two and five years	708,184	676,465	708,184	676,465
In over five years	-	161,750	-	161,750
	<u>933,983</u>	<u>1,047,780</u>	<u>933,983</u>	<u>1,047,780</u>

29 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	
	2020	2019	2020	2019
	£	£	£	£
Group				
Entities in which the company has a participating interest	174,873	293,155	2,214,122	1,523,746
Entities in which the directors have a participating interest	<u>378,225</u>	<u>433,233</u>	<u>-</u>	<u>-</u>
Company				
Fellow group undertakings	262,023	213,809	-	-
Entities in which the company has a participating interest	174,873	293,155	1,837,542	1,523,746
Entities in which the directors have a participating interest	<u>378,225</u>	<u>433,233</u>	<u>-</u>	<u>-</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

29 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2020	2019
	£	£
Group		
Entities in which the company has a participating interest	126,505	478,331
Entities in which the directors have a participating interest	42,522	128,862
	<u> </u>	<u> </u>
Company		
Fellow group undertakings	235,005	198,364
Entities in which the company has a participating interest	234,564	478,331
Entities in which the directors have a participating interest	42,522	128,862
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2020	2019
	£	£
Group		
Entities in which the company has a participating interest	484,032	423,427
	<u> </u>	<u> </u>
Company		
Entities in which the company has a participating interest	369,202	423,427
	<u> </u>	<u> </u>

No guarantees have been given or received.

During the year the company provided £286,655 against amounts receivable from entities in which the company has a participating interest. In the context of the consolidated accounts this impairment is net of historic provisions at a group level, and the effect on the group profit and loss account during the year is £110,643.

Dividends paid to directors and their immediate families were £443,486 (2019 - £353,596).

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Cash generated from group operations

	2020	2019
	£	£
Profit for the year after tax	312,060	565,839
Adjustments for:		
Share of results of associates and joint ventures	(42,607)	(6,538)
Taxation (credited)/charged	(37,603)	63,581
Finance costs	18,829	15,518
Investment income	(5,368)	(3,233)
Loss/(gain) on disposal of tangible fixed assets	117	(20,862)
Amortisation and impairment of intangible assets	23,434	20,428
Depreciation and impairment of tangible fixed assets	116,453	118,570
Gain on sale of investments	(90,472)	-
Amounts written off investments	-	132,850
Movements in working capital:		
(Increase) in stocks	(635,439)	(87,298)
Decrease/(increase) in debtors	130,673	(290,078)
Increase in creditors	823,169	101,410
Cash generated from operations	613,246	610,187