

Company Registration No. 03150196 (England and Wales)

INTERNATIONAL HAIR COSMETICS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2023

10 Bridge Street
Christchurch
Dorset
BH23 1EF

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. C Bailey Mr R A Jones	(Appointed 17 May 2023)
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Secretary	Mr. E Bailey
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Company number	03150196
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Registered office	3 Acorn Business Centre Northarbour Road Cosham Portsmouth Hampshire United Kingdom PO6 3TH
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Auditor	TC Group 10 Bridge Street Christchurch Dorset BH23 1EF
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Business address	The Quadrangle Premier Way Abbey Park Romsey Hampshire United Kingdom SO51 9DL
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INTERNATIONAL HAIR COSMETICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present the strategic report for the year ended 31 March 2023.

Review of the business

International Hair Cosmetics Limited's (IHCL) headline performance in 2022-23 shows a decrease in turnover of 0.3% for the group, representing the impact of several factors and underlying performance remains robust across the board despite the challenging situation during the year. 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 2022-23 was broadly in line with expectations and IHCL managed to attain similar turnover in all its major business segments.

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 retained their strong performance from 2021-22 after being impacted significantly by COVID. Private label sales are in line with the prior year but still far below their 2020 peak due to continued challenges due to customer inventory levels and slower sell-through. This situation has reached its end and IHCL is well-placed to capitalise on renewed demand in this segment in 2023-24.

Taken together, distribution costs and administrative expenses have increased by 8.5% driven primarily by reinvestment in advertising, NPD and creating a new Italian Entity to serve the European and Rest-of-World markets post-Brexit. IHC's balance sheet remains robust despite a small decrease on last year.

Commentary on principal risks and uncertainties affecting the business

The post-Brexit situation still poses challenges, especially for transporting goods across borders from our UK and Italian logistics bases. There is still supply chain disruption around the world, affecting raw-material availability, prices, lead-times, and international shipping.

IHCL maintains its position in the market by introducing and improving its products regularly, providing superior technical support for the Salon professional and offering excellent customer services and operations. It faces competition from low-cost rivals that offer an alternative to consumers.

Persistent high inflation and interest rates affect how consumers feel around the world and influence the possible borrowing costs for future investment.

The situation in Ukraine affects prices, inflation, interest rate, and consumer confidence in all sectors. IHCL constantly tracks these factors to make sure it can respond to its context in a quick and efficient way.

Commentary on future developments affecting the business

Since Brexit, the business relies more on the Italian logistics warehouse, which deals with a larger share of IHCL's sales than before, using an Italian limited company as a means.

The War in Ukraine and its macro-economic, social, and political impacts is of significant concern. It is not clear for how long the War or its impacts will continue. The impact of this and other geopolitical issues continue to be felt throughout the supply chain through higher prices, lower availability, and shipping difficulties and delays.

IHCL anticipates a robust rebound from its private label business this year and the following one as the market place adjusts its inventory levels and home colouring demand resumes.

IHCL will relaunch its largest product range, Infiniti colour, in early 2024. This has the potential to refresh the brand, increase sales, and consolidate and reduce the overall inventory holding by combining two brands in to one global colour range.

INTERNATIONAL HAIR COSMETICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Performance of overseas associates and subsidiaries

ASPI continues to be a stable and profitable business, even in this challenging economic environment which saw a 6% contraction in turnover. ASPI has taken on extra revenue streams which underpin the future development of the business, and it is well placed to perform in a stronger economic climate.

ASPP has had another challenging year with strong low-price substitute competition increasing in that market. The global colour relaunch in 2024 is important for driving sales growth.

ASPA is no longer operational and has being closed.

On behalf of the board

Mr. E Bailey

Director

3 March 2024

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Results and dividends

The results for the year are set out on page 10.

Ordinary dividends were paid amounting to £379,827. The directors do not recommend payment of a further dividend.

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. C Bailey

Mr R A Jones

(Appointed 17 May 2023)

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

3 March 2024

INTERNATIONAL HAIR COSMETICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

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 ;
- prepare the 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 2023 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 2023 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 group and parent 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INTERNATIONAL HAIR COSMETICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERNATIONAL HAIR COSMETICS LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit, in respect to fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and its management.

Our approach was as follows:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations;
- We considered the legal and regulatory frameworks directly applicable to the financial statements reporting framework (FRS 102 and the Companies Act 2006) and the relevant tax compliance regulations in the UK;
- We considered the nature of the industry, the control environment and business performance, including the key drivers for management's remuneration;
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit;
- We considered the procedures and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

INTERNATIONAL HAIR COSMETICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INTERNATIONAL HAIR COSMETICS LIMITED

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included: testing manual journals; reviewing the financial statement disclosures and testing to supporting documentation; performing analytical procedures; and enquiring of management, and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-re>

. 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.

Dean Pullen FCCA (Senior Statutory Auditor)
for and on behalf of TC Group

Statutory Auditor

13 March 2024

Office: Christchurch

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£	£
Turnover	3	9,623,461	9,774,151
Cost of sales		(5,135,914)	(4,961,763)
Gross profit		4,487,547	4,812,388
Distribution costs		(2,370,263)	(2,251,057)
Administrative expenses		(1,767,417)	(1,559,567)
Other operating income		-	142,461
Operating profit	5	349,867	1,144,225
Interest receivable and similar income	8	12,771	2,013
Interest payable and similar expenses	9	(13,371)	(8,465)
Profit before taxation		349,267	1,137,773
Taxation	10	(67,281)	(180,664)
Profit for the financial year		281,986	957,109
Profit for the financial year is attributable to:			
- Owners of the parent company		288,819	952,497
- Non-controlling interests		(6,833)	4,612
		281,986	957,109

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 2023

	2023 £	2022 £
Profit for the year	281,986	957,109
Other comprehensive income		
Currency translation gain/(loss) taken to retained earnings	49,870	(21,127)
Total comprehensive income for the year	<u>331,856</u>	<u>935,982</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	338,689	931,370
- Non-controlling interests	(6,833)	4,612
	<u>331,856</u>	<u>935,982</u>

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	£
Fixed assets			
Intangible assets	11	245,898	244,969
Tangible assets	13	207,620	145,460
		<u>453,518</u>	<u>390,429</u>
Current assets			
Stocks	17	2,990,767	2,586,630
Debtors	18	2,824,302	2,216,334
Cash at bank and in hand		180,399	344,678
		<u>5,995,468</u>	<u>5,147,642</u>
Creditors: amounts falling due within one year	19	<u>(3,226,581)</u>	<u>(2,341,905)</u>
Net current assets		<u>2,768,887</u>	<u>2,805,737</u>
Total assets less current liabilities		<u>3,222,405</u>	<u>3,196,166</u>
Creditors: amounts falling due after more than one year	20	(130,656)	(76,167)
Provisions for liabilities	22	<u>(79,329)</u>	<u>(49,345)</u>
Net assets		<u><u>3,012,420</u></u>	<u><u>3,070,654</u></u>

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Capital and reserves					
Called up share capital	26		93		94
Share premium account			16,100		6,556
Other reserves			32,929		(16,941)
Capital redemption reserve			46,752		46,752
Profit and loss reserves			2,691,434		2,802,248
			<u> </u>		<u> </u>
Equity attributable to owners of the parent company			2,787,308		2,838,709
Non-controlling interests			225,112		231,945
			<u> </u>		<u> </u>
			3,012,420		3,070,654
			<u> </u>		<u> </u>

The financial statements were approved by the board of directors and authorised for issue on 3 March 2024 and are signed on its behalf by:

Mr. E Bailey
Director

INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023	2022
	Notes	£	£
Fixed assets			
Intangible assets	11	240,582	244,969
Tangible assets	13	200,589	145,460
Investments	15	16,465	16,465
		<u>457,636</u>	<u>406,894</u>
Current assets			
Stocks	17	879,118	1,859,040
Debtors	18	3,055,979	2,213,359
Cash at bank and in hand		11,477	144,564
		<u>3,946,574</u>	<u>4,216,963</u>
Creditors: amounts falling due within one year	19	<u>(2,052,260)</u>	<u>(2,280,364)</u>
Net current assets		<u>1,894,314</u>	<u>1,936,599</u>
Total assets less current liabilities		<u>2,351,950</u>	<u>2,343,493</u>
Creditors: amounts falling due after more than one year	20	(130,656)	(76,167)
Provisions for liabilities	22	(6,691)	-
Net assets		<u><u>2,214,603</u></u>	<u><u>2,267,326</u></u>
Capital and reserves			
Called up share capital	26	93	94
Share premium account		7,294	6,556
Capital redemption reserve		46,752	46,752
Profit and loss reserves		2,160,464	2,213,924
Total equity		<u><u>2,214,603</u></u>	<u><u>2,267,326</u></u>

The financial statements were approved by the board of directors and authorised for issue on 3 March 2024 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 2023

	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 2021	97	5,238	46,748	4,186	2,360,920	2,417,189	227,333	2,644,522
Year ended 31 March 2022:								
Profit for the year	-	-	-	-	952,496	952,496	4,612	957,108
Other comprehensive income:								-
Currency translation differences	-	-	-	(21,127)	-	(21,127)	-	(21,127)
Total comprehensive income for the year								
Dividends	12	-	-	-	952,496	931,369	4,612	935,981
Redemption of shares	26	(4)	-	-	(367,438)	(367,438)	-	(367,438)
Other movements								
	1	1,318	-	4	(200,000)	(200,004)	-	(200,004)
						1,323	-	1,323
Balance at 31 March 2022	94	6,556	46,752	(16,941)	2,802,248	2,838,709	231,945	3,070,654

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium account	Capital redemption reserve	Other reserves	Profit and loss reserves	Total controlling interest	Non-controlling interest	Total
Notes	£	£	£	£	£	£	£	£
Year ended 31 March 2023:								
Profit for the year	-	-	-	-	288,819	288,819	(6,833)	281,986
Other comprehensive income:								
Currency translation differences on overseas subsidiaries	-	-	-	49,870	-	49,870	-	49,870
Total comprehensive income for the year	-	-	-	49,870	288,819	338,689	(6,833)	331,856
Dividends	12	-	-	-	(379,827)	(379,827)	-	(379,827)
Other movements	(1)	9,544	-	-	(19,806)	(10,263)	-	(10,263)
Balance at 31 March 2023	93	16,100	46,752	32,929	2,691,434	2,787,308	225,112	3,012,420

INTERNATIONAL HAIR COSMETICS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Share premium account	Capital redemption reserve	Profit and loss reserves	Total
	Notes	£	£	£	£	£
Balance at 1 April 2021		98	5,237	46,748	1,905,044	1,957,127
Year ended 31 March 2022:						
Profit and total comprehensive income for the year		-	-	-	876,318	876,318
Dividends	12	-	-	-	(367,438)	(367,438)
Redemption of shares	26	(4)	-	-	(200,000)	(200,004)
Other movements		-	1,319	4	-	1,323
Balance at 31 March 2022		94	6,556	46,752	2,213,924	2,267,326
Year ended 31 March 2023:						
Profit and total comprehensive income for the year		-	-	-	326,367	326,367
Dividends	12	-	-	-	(379,827)	(379,827)
Other movements		(1)	738	-	-	737
Balance at 31 March 2023		93	7,294	46,752	2,160,464	2,214,603

INTERNATIONAL HAIR COSMETICS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023	2022
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	29	406,135	613,566
Interest paid		(13,371)	(8,465)
Income taxes paid		(6,766)	(40,084)
Net cash inflow from operating activities		385,998	565,017
Investing activities			
Purchase of intangible assets		(25,173)	(36,374)
Purchase of tangible fixed assets		(120,510)	(131,424)
Proceeds on disposal of tangible fixed assets		-	50,482
Decrease/(Increase) in other investments and loans		(561,688)	96,145
Interest received		12,771	2,013
Net cash used in investing activities		(694,600)	(19,158)
Financing activities			
Proceeds from issue of shares		-	1,318
Redemption of shares		-	(200,004)
Increase in/(repayment of) borrowings		466,731	-
Repayment of bank loans		(31,515)	(75,364)
Fixed assets acquired under finance lease		86,615	-
Payment of finance leases obligations		(37,312)	42,573
Dividends paid to equity shareholders		(379,827)	(367,438)
Net cash generated from/(used in) financing activities		104,692	(598,915)
Net decrease in cash and cash equivalents		(203,910)	(53,056)
Cash and cash equivalents at beginning of year		344,678	362,588
Effect of foreign exchange rates		39,632	35,146
Cash and cash equivalents at end of year		180,400	344,678

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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, Northharbour 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.

For the purposes of its individual financial statements, the company is a qualifying entity under the FRS 102 Reduced Disclosure Framework and has taken advantage of the exemption from the following disclosure requirement.

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- 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 £326,367 (2022 - £876,318 profit).

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 group 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:

Software

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.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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

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 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.

1.8 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.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

1.9 Cash and cash equivalents

Cash and cash equivalents 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.

1.10 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.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 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.

1.12 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.

1.13 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.

1.14 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 2023

1 Accounting policies

(Continued)

1.15 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.

1.16 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.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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 2023

3 Turnover and other revenue

Turnover analysed by geographical market	2023 £'000	2022 £'000
UK	5,109	5,093
Europe	2,364	2,361
USA	1,882	2,135
Rest of world	268	185
	<u>9,623</u>	<u>9,774</u>

4 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,000	10,000
Audit of the financial statements of the company's subsidiaries	5,000	5,000
	<u>15,000</u>	<u>15,000</u>
For other services		
All other non-audit services	20,130	12,000
	<u>20,130</u>	<u>12,000</u>

5 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	109,802	83,602
Government grants - Coronavirus Job Retention Scheme	-	(142,461)
Depreciation of owned tangible fixed assets	23,974	23,009
Depreciation of tangible fixed assets held under finance leases and hire purchase agreements	28,341	11,917
Profit on disposal of tangible fixed assets	6,036	(30,288)
Amortisation of intangible assets	24,244	23,946
Operating lease charges	256,631	247,053
	<u>256,631</u>	<u>247,053</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Directors' remuneration

	2023	2022
	£	£
Remuneration for qualifying services	270,741	270,867
Company pension contributions to defined contribution schemes	25,010	20,708
	<u>295,751</u>	<u>291,575</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2022 - 3).

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

	2023	2022
	£	£
Remuneration for qualifying services	89,520	88,260
Company pension contributions to defined contribution schemes	7,157	6,942
	<u>96,677</u>	<u>95,202</u>

7 Employees

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

	Group		Company	
	2023	2022	2023	2022
	Number	Number	Number	Number
Administrative	28	22	24	18
Export	1	1	1	1
Marketing	4	5	4	5
Procurement	2	2	2	2
Sales	4	5	4	5
Technical	5	6	5	6
Warehouse	23	25	20	21
	<u>67</u>	<u>66</u>	<u>60</u>	<u>58</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	2,015,240	2,033,309	1,516,772	1,655,515
Social security costs	158,088	201,144	158,088	137,056
Pension costs	106,682	109,819	106,682	109,819
	<u>2,280,010</u>	<u>2,344,272</u>	<u>1,781,542</u>	<u>1,902,390</u>

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Other interest income	12,771	2,013
	<u>12,771</u>	<u>2,013</u>

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on bank overdrafts and loans	308	2,293
Interest on finance leases and hire purchase contracts	6,167	2,708
Other interest	6,896	3,464
	<u>13,371</u>	<u>8,465</u>

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	24,730	130,934
Foreign current tax on profits for the current period	6,722	30,728
	<u>31,452</u>	<u>161,662</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Taxation	(Continued)		
Deferred tax			
Origination and reversal of timing differences	35,829	19,002	
Total tax charge	67,281	180,664	
The actual 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:			
	2023	2022	
	£	£	
Profit before taxation	349,267	1,137,773	
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	66,361	216,177	
Tax effect of expenses that are not deductible in determining taxable profit	5,036	2,832	
Permanent capital allowances in excess of depreciation	(1,486)	-	
Amortisation on assets not qualifying for tax allowances	-	297	
Research and development tax credit	(37,219)	(38,575)	
Effect of overseas tax rates	34,589	(45)	
Share issues	-	(4,252)	
Fixed asset tax adjustment	-	4,230	
Tax expense for the year	67,281	180,664	

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

11 Intangible fixed assets

Group and Company	Software	Trademarks and patents	Total
	£	£	£
Cost			
At 1 April 2022	-	495,115	495,115
Additions - internally developed	-	19,203	19,203
Additions - separately acquired	5,970	-	5,970
	<u>5,970</u>	<u>-</u>	<u>5,970</u>
At 31 March 2023	5,970	514,318	520,288
	<u>5,970</u>	<u>514,318</u>	<u>520,288</u>
Amortisation and impairment			
At 1 April 2022	-	250,146	250,146
Amortisation charged for the year	654	23,590	24,244
	<u>654</u>	<u>23,590</u>	<u>24,244</u>
At 31 March 2023	654	273,736	274,390
	<u>654</u>	<u>273,736</u>	<u>274,390</u>
Carrying amount			
At 31 March 2023	5,316	240,582	245,898
	<u>5,316</u>	<u>240,582</u>	<u>245,898</u>
At 31 March 2022	-	244,969	244,969
	<u>-</u>	<u>244,969</u>	<u>244,969</u>

12 Dividends

	2023	2022
	£	£
Dividends paid to the company's shareholders	379,827	367,438
	<u>379,827</u>	<u>367,438</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

Group	Leasehold improvements	Furniture and fittings	Computer equipment	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	71,014	62,971	173,922	120,148	52,284	480,339
Additions	2,882	10,546	20,467	86,615	-	120,510
Disposals	(7,463)	(13,245)	(423)	-	-	(21,131)
At 31 March 2023	66,433	60,272	193,966	206,763	52,284	579,718
Depreciation and impairment						
At 1 April 2022	64,438	52,148	143,163	22,846	52,284	334,879
Depreciation charged in the year	6,425	5,123	12,426	28,341	-	52,315
Eliminated in respect of disposals	(6,975)	(7,883)	(238)	-	-	(15,096)
At 31 March 2023	63,888	49,388	155,351	51,187	52,284	372,098
Carrying amount						
At 31 March 2023	2,545	10,884	38,615	155,576	-	207,620
At 31 March 2022	6,576	10,823	30,759	97,302	-	145,460

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

(Continued)

Company	Leasehold improvements	Furniture and fittings	Computer equipment	Motor vehicles	Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 April 2022	71,014	41,565	173,922	120,148	52,284	458,933
Additions	2,882	2,698	20,467	86,615	-	112,662
Disposals	(7,463)	(13,245)	(423)	-	-	(21,131)
At 31 March 2023	66,433	31,018	193,966	206,763	52,284	550,464
Depreciation and impairment						
At 1 April 2022	64,438	30,742	143,163	22,846	52,284	313,473
Depreciation charged in the year	6,425	4,306	12,426	28,341	-	51,498
Eliminated in respect of disposals	(6,975)	(7,883)	(238)	-	-	(15,096)
At 31 March 2023	63,888	27,165	155,351	51,187	52,284	349,875
Carrying amount						
At 31 March 2023	2,545	3,853	38,615	155,576	-	200,589
At 31 March 2022	6,576	10,823	30,759	97,302	-	145,460

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 £	2022 £	Company 2023 £	2022 £
Motor vehicles	155,576	97,302	155,576	97,302
Depreciation charge for the year in respect of leased assets	28,341	11,917	28,341	11,917

14 Subsidiaries

Details of the company's subsidiary at 31 March 2023 is as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Affinage Salon Professional Inc	USA	Ordinary	70
ASP Hair Limited	Ireland	Ordinary	100
International Hair Cosmetics Italia Srl	Italy	Ordinary	100

15 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	14	-	-	16,444	16,444
Investments in associates	16	-	-	21	21
		-	-	16,465	16,465

16 Associates

Details of associates at 31 March 2023 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

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Work in progress	10,193	-	-	-
Finished goods and goods for resale	2,980,574	2,586,630	879,118	1,859,040
	<u>2,990,767</u>	<u>2,586,630</u>	<u>879,118</u>	<u>1,859,040</u>

18 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	1,557,831	1,489,187	950,377	1,312,851
Corporation tax recoverable	15,546	-	-	-
Amounts due from subsidiary undertakings	-	-	869,269	191,170
Other debtors	1,108,319	644,895	1,093,727	630,944
Prepayments and accrued income	142,606	73,806	142,606	69,948
	<u>2,824,302</u>	<u>2,207,888</u>	<u>3,055,979</u>	<u>2,204,913</u>
Amounts falling due after one year:				
Deferred tax asset (note 22)	-	8,446	-	8,446
	<u>-</u>	<u>8,446</u>	<u>-</u>	<u>8,446</u>
Total debtors	<u>2,824,302</u>	<u>2,216,334</u>	<u>3,055,979</u>	<u>2,213,359</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Creditors: amounts falling due within one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Bank loans and overdrafts	21	86,658	31,207	86,658	31,207
Obligations under finance leases and hire purchase agreements	23	26,837	13,597	26,837	13,597
Commercial finance loan	21	380,073	-	380,073	-
Trade creditors		1,486,091	644,848	184,556	629,481
Amounts due to group undertakings		-	-	-	100
Corporation tax payable		168,565	130,934	168,565	130,934
Other taxation and social security		126,876	145,391	464,298	130,663
Other creditors		28,251	43,538	28,252	43,539
Accruals and deferred income		923,230	1,332,390	713,021	1,300,843
		<u>3,226,581</u>	<u>2,341,905</u>	<u>2,052,260</u>	<u>2,280,364</u>

20 Creditors: amounts falling due after more than one year

		Group		Company	
		2023	2022	2023	2022
	Notes	£	£	£	£
Obligations under finance leases and hire purchase agreements	23	130,656	76,167	130,656	76,167
		<u>130,656</u>	<u>76,167</u>	<u>130,656</u>	<u>76,167</u>

21 Loans and overdrafts

		Group		Company	
		2023	2022	2023	2022
		£	£	£	£
Bank loans		86,658	31,207	86,658	31,207
Commercial finance loan		380,073	-	380,073	-
		<u>466,731</u>	<u>31,207</u>	<u>466,731</u>	<u>31,207</u>
Payable within one year		466,731	31,207	466,731	31,207
		<u>466,731</u>	<u>31,207</u>	<u>466,731</u>	<u>31,207</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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

(Continued)

22 Deferred taxation

	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
Group	£	£	£	£
Origination and reversal of timing differences	6,691	-	-	8,446
Timing differences on foreign taxation of subsidiaries	72,638	49,345	-	-
	<u>79,329</u>	<u>49,345</u>	<u>-</u>	<u>8,446</u>

	Liabilities	Liabilities	Assets	Assets
	2023	2022	2023	2022
Company	£	£	£	£
Origination and reversal of timing differences	6,691	-	-	8,446
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Group 2023	Company 2023
Movements in the year:	£	£
Liability/(Asset) at 1 April 2022	40,899	(8,446)
Charge to profit or loss	38,430	15,137
	<hr/>	<hr/>
Liability at 31 March 2023	79,329	6,691
	<hr/>	<hr/>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

23 Finance lease and hire purchase obligations

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

	Group		Company	
	2023	2022	2023	2022
	£	£	£	£
Within one year	26,837	13,597	26,837	13,597
In two to five years	130,656	76,167	130,656	76,167
	<u>157,493</u>	<u>89,764</u>	<u>157,493</u>	<u>89,764</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.

24 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	106,682	109,819
	<u>106,682</u>	<u>109,819</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.

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, 2015, 2017 and 2020 Equity Incentive Plans. A summary of the share options granted at 31 March 2022 are as follows:

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

25 Share-based payment transactions

(Continued)

Group	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 April 2022	100	150	33.54	31.15
Exercised	(20)	(50)	36.92	26.37
Expired	(40)	-	28.47	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Outstanding at 31 March 2023	40	100	36.92	33.54
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Company	Number of share options		Weighted average exercise price	
	2023 Number	2022 Number	2023 £	2022 £
Outstanding at 1 April 2022	100	150	33.54	31.15
Exercised	(20)	(50)	36.92	26.37
Expired	(40)	-	28.47	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Outstanding at 31 March 2023	40	100	36.92	33.54
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The options outstanding at 31 March 2023 had an exercise price of £36.92, and a remaining contractual life 2 years.

26 Share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of 1p each	5,572	5,572	56	56
Ordinary B shares of 1p each	2,000	2,000	20	20
Ordinary C shares of 1p each	500	500	5	5
Ordinary D shares of 1p each	210	190	2	3
Ordinary F shares of 1p each	1,046	1,046	10	10
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	9,328	9,308	93	94
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

26 Share capital

(Continued)

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

During the year the company issued 20 Ordinary D 1p shares for £36.92 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 2023

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	
	2023	2022	2023	2022
	£	£	£	£
Within one year	249,381	257,163	249,381	257,163
Between two and five years	641,339	856,638	641,339	856,638
In over five years	423,935	623,727	423,935	623,727
	<u>1,314,655</u>	<u>1,737,528</u>	<u>1,314,655</u>	<u>1,737,528</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	
	2023	2022	2023	2022
	£	£	£	£
Group				
Entities in which the company has a participating interest	74,175	66,396	-	-
Entities in which the directors have a participating interest	650,268	501,263	-	-
	<u>724,443</u>	<u>567,659</u>	<u>-</u>	<u>-</u>
Company				
Fellow group undertakings	502,137	716,343	767,370	-
Entities in which the company has a participating interest	74,175	62,158	-	-
Entities in which the directors have a participating interest	504,161	501,263	-	-
	<u>1,080,473</u>	<u>1,279,764</u>	<u>767,370</u>	<u>-</u>

INTERNATIONAL HAIR COSMETICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

28 Related party transactions

(Continued)

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties	
	2023	2022
	£	£
Group		
Entities in which the directors have a participating interest	244,594	263,974
	<u> </u>	<u> </u>
Company		
Fellow group undertakings	869,269	191,170
Entities in which the directors have a participating interest	244,594	263,974
	<u> </u>	<u> </u>

No guarantees have been given or received.

Dividends paid to directors and their immediate families were £379,827 (2022 - £367,438).

At the balance sheet date, the company was owed £561,688 by the directors.

29 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	281,986	957,109
Adjustments for:		
Share of results of associates and joint ventures	-	108,059
Taxation charged	67,281	180,664
Finance costs	13,371	8,465
Investment income	(12,771)	(2,013)
Loss/(gain) on disposal of tangible fixed assets	6,036	(30,288)
Amortisation and impairment of intangible assets	24,244	23,946
Depreciation and impairment of tangible fixed assets	52,315	34,926
Movements in working capital:		
(Increase) in stocks	(404,137)	(260,182)
(Increase) in debtors	(39,180)	(31,104)
Increase/(decrease) in creditors	416,990	(376,016)
	<u> </u>	<u> </u>
Cash generated from operations	<u>406,135</u>	<u>613,566</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.