



WILSON SANDFORD LTD

Chartered Accountants

Statutory Auditors

CAPITAL (HAIR AND BEAUTY) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2014

WEDNESDAY



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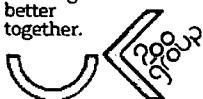
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COMPANIES HOUSE

building
better
together.



WILSON SANDFORD LIMITED

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CHARTERED
ACCOUNTANTS



CAPITAL (HAIR AND BEAUTY) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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CAPITAL (HAIR AND BEAUTY) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	P Vans Agnew H Vans Agnew S J Vans Agnew R G Vans Agnew D J Harrison H A Sleet
Company secretary	P Vans Agnew
Registered office	Capital (Hair & Beauty) Ltd Crowhurst Corner Crowhurst Road Brighton East Sussex BN1 8AP
Auditor	Wilson Sandford Limited Chartered Accountants & Statutory Auditor 85 Church Road Hove East Sussex BN3 2BB
Bankers	Barclays Bank Plc PO Box 2915 Brighton East Sussex BN1 1SJ

CAPITAL (HAIR AND BEAUTY) LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

While the results for 2014 have not been as strong as recent years the directors consider the result is reasonable in light of market conditions. During 2014 the company purchased Pompadour Laboratories Ltd, an established operator of four cash and carry stores and a delivery service in the East Midlands for £4,093k, during 2014 this has added £1,064k to sales and is expected to deliver around £4million of sales a year going forward. In addition to the acquisition the company opened a new store in Oxford in April 2014. The impact of the acquisition, continued new store openings and a return to growth in the established store business is expected to deliver a return to overall growth in 2015. Within the established business the web continues to generate significant growth and a major investment in the online operation is in progress.

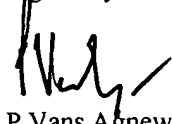
In terms of profit the results have been impacted by two separate significant events. The first is that a provision has been made against a loan of £300k made in 2014, the second is the enquiry opened by HMRC in 2010 into an Employer Funded Retirement Benefit Scheme has been resolved and the cost accrued in the accounts.

The group seeks to keep employees involved with and informed about the progress of the business. This is achieved through weekly and quarterly communications to all staff along with quarterly meetings for store management. The company continues to link store managers' remuneration to profitability generated by the stores they run. The company has policies and procedures in place to ensure staff with disabilities are treated equally, these policies are intrinsic to the recruitment process in addition to ongoing employment.

Due to the continued poor returns on cash deposits the group has made two investments in property projects, the aim is to provide a superior return on the cash resources that are not immediately required by the business. One of these investments is expected to come to an end in 2015 with the cash and profit being returned to the business.

The company places particular importance in maintaining positive relations with all suppliers, in particular aiming to comply with suppliers' credit terms. At 31 December 2014 the trade creditor days outstanding were 40 days.

Signed by order of the directors



P Vans Agnew
Company Secretary

Approved by the directors on 17.9.15.....

CAPITAL (HAIR AND BEAUTY) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the group for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,500,084. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Whilst the company is exposed to normal commercial risk, the directors consider that it operates on a relatively low risk basis. There is no debt and hence no interest rate exposure. There is some exposure to foreign exchange risk however this is currently a relatively small part of the company's business.

DIRECTORS

The directors who served the company during the year were as follows:

P Vans Agnew
H Vans Agnew
S J Vans Agnew
R G Vans Agnew
D J Harrison
H A Sleet

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

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 will continue in business.

CAPITAL (HAIR AND BEAUTY) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's bonus scheme.

AUDITOR

Wilson Sandford Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed by order of the directors



P Vans Agnew
Company Secretary

Approved by the directors on 17.9.15

CAPITAL (HAIR AND BEAUTY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPITAL (HAIR AND BEAUTY) LIMITED

YEAR ENDED 31 DECEMBER 2014

We have audited the group and parent company financial statements ("the financial statements") of Capital (Hair and Beauty) Limited for the year ended 31 December 2014 which comprise the Group Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 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.

CAPITAL (HAIR AND BEAUTY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPITAL (HAIR AND BEAUTY) LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2014

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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.



LORNA OVERSTALL FCA (Senior Statutory Auditor)

For and on behalf of

WILSON SANDFORD LIMITED

Chartered Accountants & Statutory Auditor

85 Church Road

Hove

East Sussex

BN3 2BB

28/09/15

CAPITAL (HAIR AND BEAUTY) LIMITED

GROUP PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2014

		2014	2013
	Note	£	£
TURNOVER (including share of joint venture)	2		
Continuing operations		35,108,999	36,218,162
Acquisitions		1,064,281	–
		<u>36,173,280</u>	<u>36,218,162</u>
Less: share of joint venture turnover		<u>(2,214,482)</u>	<u>(2,046,997)</u>
Group Turnover		33,958,798	34,171,165
Cost of sales	3	<u>(20,383,262)</u>	<u>(20,423,188)</u>
GROSS PROFIT		13,575,536	13,747,977
Net operating expenses	3	<u>10,923,402</u>	<u>9,069,595</u>
OPERATING PROFIT:	5		
Continuing operations		2,610,390	4,678,382
Acquisitions		41,744	–
		<u>2,652,134</u>	<u>4,678,382</u>
GROUP OPERATING PROFIT		2,652,134	4,678,382
Share of joint venture operating profit		376,580	298,141
Share of associate operating profit		<u>361,374</u>	<u>1,466</u>
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURES AND ASSOCIATES		3,390,088	4,977,989
Profit on disposal of fixed assets	8	262,814	–
Provision for unrecovered loan	9	<u>(300,000)</u>	<u>–</u>
		3,352,902	4,977,989
Interest receivable and similar income	10	93,452	30,903
Share of interest receivable, joint venture		1,280	12,587
Share of interest receivable, associate		5	16
Interest payable and similar charges	11	(57,832)	(1,837)
Share of interest payable, joint venture		<u>(74)</u>	<u>–</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,389,733	5,019,658
Tax on profit on ordinary activities	12	<u>889,649</u>	<u>1,273,001</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,500,084</u>	<u>3,746,657</u>

The notes on pages 12 to 30 form part of these financial statements.

CAPITAL (HAIR AND BEAUTY) LIMITED

GROUP PROFIT AND LOSS ACCOUNT *(continued)*

YEAR ENDED 31 DECEMBER 2014

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 12 to 30 form part of these financial statements.

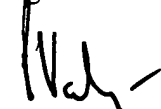
CAPITAL (HAIR AND BEAUTY) LIMITED

GROUP BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	15	2,345,196	–
Tangible assets	16	4,436,056	4,136,225
Investments	17		
Investments in joint ventures:			
Share of gross assets		1,651,444	1,621,502
Share of gross liabilities		(328,417)	(395,593)
		<u>1,323,027</u>	<u>1,225,909</u>
Investments in associates		<u>285,824</u>	<u>1,226</u>
		<u>1,608,851</u>	<u>1,227,135</u>
		<u>8,390,103</u>	<u>5,363,360</u>
CURRENT ASSETS			
Stocks	18	7,245,172	5,907,859
Debtors	19	5,714,648	5,892,564
Cash at bank and in hand		<u>3,150,317</u>	<u>3,173,776</u>
		<u>16,110,137</u>	<u>14,974,199</u>
CREDITORS: Amounts falling due within one year	20	<u>6,173,012</u>	<u>4,510,938</u>
NET CURRENT ASSETS		<u>9,937,125</u>	<u>10,463,261</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>18,327,228</u>	<u>15,826,621</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	21	<u>129,229</u>	<u>128,706</u>
NET ASSETS		<u>18,197,999</u>	<u>15,697,915</u>
CAPITAL AND RESERVES			
Called-up equity share capital	26	7,874	7,874
Capital redemption reserve	27	54,888	54,888
Profit and loss account	27	<u>18,135,237</u>	<u>15,635,153</u>
SHAREHOLDERS' FUNDS	28	<u>18,197,999</u>	<u>15,697,915</u>

These accounts were approved by the directors and authorised for issue on 17.9.15, and are signed on their behalf by:



P Vans Agnew
Director

The notes on pages 12 to 30 form part of these financial statements.

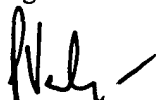
CAPITAL (HAIR AND BEAUTY) LIMITED

BALANCE SHEET

31 DECEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Tangible assets	16	4,292,541	4,136,225
Investments	17	4,190,524	60,405
		<u>8,483,065</u>	<u>4,196,630</u>
CURRENT ASSETS			
Stocks	18	6,263,337	5,907,859
Debtors	19	5,456,840	5,892,564
Cash at bank and in hand		2,963,751	3,173,676
		<u>14,683,928</u>	<u>14,974,099</u>
CREDITORS: Amounts falling due within one year	20	<u>6,093,744</u>	<u>4,510,938</u>
NET CURRENT ASSETS		<u>8,590,184</u>	<u>10,463,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,073,249</u>	<u>14,659,791</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	21	118,787	128,706
NET ASSETS		<u>16,954,462</u>	<u>14,531,085</u>
CAPITAL AND RESERVES			
Called-up equity share capital	26	7,874	7,874
Capital redemption reserve	27	34,758	34,758
Profit and loss account	27	16,911,830	14,488,453
SHAREHOLDERS' FUNDS		<u>16,954,462</u>	<u>14,531,085</u>

These accounts were approved by the directors and authorised for issue on 17.9.15, and are signed on their behalf by:



P Vans Agnew
Director

Company Registration Number: 00530201

The notes on pages 12 to 30 form part of these financial statements.

CAPITAL (HAIR AND BEAUTY) LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	29	3,454,425	4,741,501
DIVIDENDS RECEIVED FROM JOINT VENTURES		200,800	1,274
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		93,452	30,903
Interest paid		(57,832)	(1,837)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		35,620	29,066
TAXATION		(967,416)	(1,324,568)
CAPITAL EXPENDITURE			
Payments to acquire intangible fixed assets		(2,468,627)	—
Payments to acquire tangible fixed assets		(806,512)	(2,388,750)
Receipts from sale of fixed assets		528,251	26,634
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(2,746,888)	(2,362,116)
EQUITY DIVIDENDS PAID		—	(637,786)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(23,459)	447,371
FINANCING			
Premium on purchase of own equity shares		—	(1,274)
NET CASH OUTFLOW FROM FINANCING		—	(1,274)
(DECREASE)/INCREASE IN CASH	29	(23,459)	446,097

The notes on pages 12 to 30 form part of these financial statements.

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group 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 group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Associates, defined as entities over which the company has significant influence, are accounted for under the equity method. Investments in associates are initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate. The company's share of any post-acquisition results of its associate is recognised in the consolidated profit and loss account.

Joint ventures, defined as entities over which the company shares control with other investors, are accounted for under the gross equity method. Investments in joint ventures are initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of gross assets and liabilities of the joint venture. The company's share of any post-acquisition results of its joint venture is recognised in the consolidated profit and loss account.

Turnover

The turnover shown in the profit and loss account represents goods and services provided during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - equal basis over 5 years

Fixed assets

All fixed assets are initially recorded at cost.

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% per annum of cost (land not depreciated)
Leasehold Property	- 10% per annum of cost
Fixtures & Fittings	- 25% per annum of cost
Motor Vehicles	- 25% per annum of cost

During the year, the estimate of the useful economic life of leasehold property was revised to 10 years from over the life of the lease. The effect was to reduce depreciation charged in the year by £12,677.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

The calculation of the cost of stocks is based on the continuous application to the unit cost of stocks on hand of an average price computed by dividing the total cost of units by the total number of such units.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the group profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax 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.

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

	2014	2013
	£	£
United Kingdom	33,030,352	33,362,074
Overseas	928,446	809,091
	<u>33,958,798</u>	<u>34,171,165</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing operations £	Acquired operations £	Total £
YEAR ENDED 31 DECEMBER 2014			
Cost of sales	<u>19,677,175</u>	<u>706,087</u>	<u>20,383,262</u>
Distribution costs	219,696	-	219,696
Administrative expenses	10,456,746	316,450	10,773,196
Other operating income (Note 4)	(69,490)	-	(69,490)
Net operating expenses	<u>10,606,952</u>	<u>316,450</u>	<u>10,923,402</u>
YEAR ENDED 31 DECEMBER 2013			
Turnover	34,171,165	-	34,171,165
Cost of sales	<u>20,423,188</u>	<u>-</u>	<u>20,423,188</u>
Gross profit	<u>13,747,977</u>	<u>-</u>	<u>13,747,977</u>
Distribution costs	200,736	-	200,736
Administrative expenses	8,921,629	-	8,921,629
Other operating income (Note 4)	(52,770)	-	(52,770)
Net operating expenses	<u>9,069,595</u>	<u>-</u>	<u>9,069,595</u>
Operating profit	<u>4,678,382</u>	<u>-</u>	<u>4,678,382</u>

4. OTHER OPERATING INCOME

	2014 £	2013 £
Rent receivable	37,490	37,490
Management charges receivable	12,000	12,000
Other operating income	<u>20,000</u>	<u>3,280</u>
	<u>69,490</u>	<u>52,770</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2014 £	2013 £
Amortisation of intangible assets	123,431	–
Depreciation of owned fixed assets	257,030	373,666
Profit on disposal of fixed assets	(15,786)	(26,389)
Operating lease costs:		
- Land and buildings	1,094,831	1,027,749
Net loss/(profit) on foreign currency translation	89,757	(47,480)
Auditor's remuneration - audit of the financial statements	14,000	14,922
Auditor's remuneration - other fees	2,675	2,500
Tax and national insurance settlement	<u>1,047,621</u>	<u>–</u>

The group has provided an amount of £1,047,621 (2013: £nil) for the settlement of income tax, national insurance and employer settlement of tax on trust investment income on contributions the group has made to an Employer-Financed Retirement Benefit Scheme. This includes corporation tax relief of £351,615.

	2014 £	2013 £
Auditor's remuneration - audit of the financial statements	<u>14,000</u>	<u>14,922</u>

Auditor's remuneration - other fees:

- Other taxation advisory	400	500
- Other services	1,900	1,625
- Tax compliance services	375	375
	<u>2,675</u>	<u>2,500</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to:

	2014	2013
	No	No
Number of sales staff	317	268
Number of administrative and management staff	51	41
	<u>368</u>	<u>309</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	4,759,346	4,395,852
Social security costs	359,945	355,013
Other pension costs	174,736	167,790
	<u>5,294,027</u>	<u>4,918,655</u>

7. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Remuneration receivable	451,671	492,605
Value of company pension contributions to money purchase schemes	125,321	132,007
	<u>576,992</u>	<u>624,612</u>

Remuneration of highest paid director:

	2014	2013
	£	£
Total remuneration (excluding pension contributions)	105,220	99,411
Value of company pension contributions to money purchase schemes	40,000	50,000
	<u>145,220</u>	<u>149,411</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014	2013
	No	No
Money purchase schemes	<u>4</u>	<u>4</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

8. PROFIT ON DISPOSAL OF FIXED ASSETS

	2014	2013
	£	£
Profit on disposal of fixed assets	<u>262,814</u>	<u>-</u>

During the year, the group disposed of properties for an amount of £490,000 (2013: £nil).

9. PROVISION FOR UNRECOVERED LOAN

During the year, the group made a loan of £300,000 (2013: £nil) to an unrelated individual. The loan was not recovered and the directors have taken the decision to provide for the loan in these financial statements.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest receivable	11,197	10,513
Other loan interest receivable	52,500	20,390
Other similar income receivable	<u>29,755</u>	<u>-</u>
	<u>93,452</u>	<u>30,903</u>

11. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Other similar charges payable	<u>57,832</u>	<u>1,837</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

12. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014 £	2013 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 21.50% (2013 - 23.25%)	757,367	1,080,171
Share of joint venture taxation charge	79,868	68,678
Share of associate taxation charge	76,781	296
	<u>156,649</u>	<u>68,974</u>
Total current tax	914,016	1,149,145
Deferred tax:		
Origination and reversal of timing differences	(24,367)	123,856
Tax on profit on ordinary activities	<u>889,649</u>	<u>1,273,001</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

12. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>3,389,733</u>	<u>5,019,658</u>
Profit on ordinary activities by rate of tax	728,793	1,167,070
Expenses not deductible for tax purposes	215,797	14,277
Capital allowances for period in excess of depreciation	(20,809)	(27,971)
Tax chargeable at lower rates	(9,765)	(4,231)
Total current tax (note 12(a))	<u>914,016</u>	<u>1,149,145</u>

(c) Factors that may affect future tax charges

The main rate of corporation tax changed from 21% to 20% from 1 April 2015.

13. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £2,423,377 (2013 - £3,503,421).

14. DIVIDENDS

Equity dividends

	2014 £	2013 £
Paid during the year:		
Equity dividends on ordinary shares	<u>—</u>	<u>637,786</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

15. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 January 2014	20,105
Additions	2,468,627
At 31 December 2014	2,488,732
AMORTISATION	
At 1 January 2014	20,105
Charge for the year	123,431
At 31 December 2014	143,536
NET BOOK VALUE	
At 31 December 2014	2,345,196
At 31 December 2013	–

16. TANGIBLE FIXED ASSETS

Group	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2014	3,587,864	620,979	1,552,719	468,652	6,230,214
Additions	148,191	184,523	137,337	336,461	806,512
Disposals	(50,818)	(207,385)	–	(112,602)	(370,805)
At 31 December 2014	3,685,237	598,117	1,690,056	692,511	6,665,921
DEPRECIATION					
At 1 January 2014	156,195	442,728	1,217,905	277,161	2,093,989
Charge for the year	22,197	(40,412)	176,360	98,885	257,030
On disposals	–	(17,371)	–	(103,783)	(121,154)
At 31 December 2014	178,392	384,945	1,394,265	272,263	2,229,865
NET BOOK VALUE					
At 31 December 2014	3,506,845	213,172	295,791	420,248	4,436,056
At 31 December 2013	3,431,669	178,251	334,814	191,491	4,136,225

Included at cost in freehold land and buildings is non-depreciated land of £1,132,050 (2013: £1,132,050).

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

16. TANGIBLE FIXED ASSETS *(continued)*

Company	Freehold Property £	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2014	3,587,864	620,979	1,552,719	468,652	6,230,214
Additions	97,373	8,155	65,880	250,706	422,114
Disposals	—	(31,017)	—	(112,602)	(143,619)
At 31 December 2014	3,685,237	598,117	1,618,599	606,756	6,508,709
DEPRECIATION					
At 1 January 2014	156,195	442,728	1,217,905	277,161	2,093,989
Charge for the year	22,197	(40,412)	170,090	91,458	243,333
On disposals	—	(17,371)	—	(103,783)	(121,154)
At 31 December 2014	178,392	384,945	1,387,995	264,836	2,216,168
NET BOOK VALUE					
At 31 December 2014	3,506,845	213,172	230,604	341,920	4,292,541
At 31 December 2013	3,431,669	178,251	334,814	191,491	4,136,225

Included at cost in freehold land and buildings is non-depreciated land of £1,132,050 (2013: £1,132,050).

17. INVESTMENTS

Company	Group companies £	Associated undertaking £	Joint venture undertaking £	Total £
COST				
At 1 January 2014	100	40	60,265	60,405
Additions	4,130,119	—	—	4,130,119
At 31 December 2014	4,130,219	40	60,265	4,190,524
NET BOOK VALUE				
At 31 December 2014	4,130,219	40	60,265	4,190,524
At 31 December 2013	100	40	60,265	60,405

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

17. INVESTMENTS *(continued)*

Subsidiary undertakings, associated undertaking and joint venture

The company owns 100% of the issued ordinary share capital of Hair and Beauty Direct Limited (dormant), 50% of the issued ordinary share capital of The Avec Corporation Limited (supplier of hair and beauty products), and 40% of the issued ordinary share capital of Dean Clarke Estate Limited (property development company). The results of these undertakings are included in these consolidated financial statements. The Avec Corporation Limited is treated as a joint venture and Dean Clarke Estate Limited is treated as an associate.

On 26 September 2014, the group acquired 100% of the share capital of Pompadour Laboratories Limited (supplier of hair and beauty products) for a consideration of £4,093,000 satisfied by cash. Goodwill arising on the acquisition of Pompadour Laboratories Limited has been capitalised and will be amortised over 5 years. The investment in Pompadour Laboratories Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Pompadour Laboratories Limited:

	Fair value and book value £
Cash	635,516
Tangible fixed assets	382,846
Stock	968,032
Debtors	221,881
Creditors	(521,893)
Provision for deferred tax	(24,890)
	<u>1,661,492</u>
Satisfied by:	
Cash paid	<u>4,093,000</u>

18. STOCKS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Finished goods	<u>7,245,172</u>	<u>5,907,859</u>	<u>6,263,337</u>	<u>5,907,859</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

19. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	445,862	169,632	198,428	169,632
Amounts owed by undertakings in which the company has a participating interest	624,960	1,124,960	624,960	1,124,960
Corporation tax recoverable	1,952,027	1,952,027	1,952,027	1,952,027
Other debtors	1,003,366	871,727	999,319	871,727
Directors' current accounts	1,109,355	1,000,000	1,109,355	1,000,000
Prepayments and accrued income	579,078	774,218	572,751	774,218
	<u>5,714,648</u>	<u>5,892,564</u>	<u>5,456,840</u>	<u>5,892,564</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Other debtors	<u>162,500</u>	<u>750,000</u>	<u>162,500</u>	<u>750,000</u>

20. CREDITORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade creditors	2,869,920	1,992,353	2,621,547	1,992,353
Amounts owed to group undertakings	–	–	277,685	–
Other creditors including taxation and social security:				
Corporation tax	262,232	497,171	225,895	497,171
Other taxation and social security	1,600,868	555,167	1,540,768	555,167
Other creditors	89,330	47,487	80,287	47,487
Accruals and deferred income	1,350,662	1,418,760	1,347,562	1,418,760
	<u>6,173,012</u>	<u>4,510,938</u>	<u>6,093,744</u>	<u>4,510,938</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

21. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Provision brought forward	128,706	4,850	128,706	4,850
Increase/(Decrease) in provision	523	123,856	(9,919)	123,856
Provision carried forward	<u>129,229</u>	<u>128,706</u>	<u>118,787</u>	<u>128,706</u>

The group and company's provisions for deferred taxation consist of the tax effect of timing differences in respect of:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Provision for deferred tax; capital allowances	<u>129,229</u>	<u>128,706</u>	<u>118,787</u>	<u>128,706</u>

22. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as set out below.

Group	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	-	34,640
Within 2 to 5 years	489,771	330,812
After more than 5 years	458,793	571,638
	<u>948,564</u>	<u>937,090</u>

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as set out below.

Company	Land and buildings	
	2014	2013
	£	£
Operating leases which expire:		
Within 1 year	-	34,640
Within 2 to 5 years	489,771	330,812
After more than 5 years	458,793	571,638
	<u>948,564</u>	<u>937,090</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

23. CONTINGENCIES

During the year ended 31 December 2010, H M Revenue and Customs opened an enquiry into the contributions the group has made to an Employer-Financed Retirement Benefit Scheme. The enquiry has been resolved, and there is now certainty of the outcome. An accrual for the tax due has been recognised in these financial statements. The contingent liability of the company is £nil (2013: £1,885,000).

24. ADVANCES AND CREDITS WITH THE DIRECTORS

During the year, the group advanced the directors the sum of £459,355 (2013: £nil) and they repaid £350,000 (2013: £nil). At the year end, the directors owed the group an amount of £1,109,355 (2013: £1,000,000). Interest of 4% per annum was payable on the loans and an amount of £34,445 (2013: £nil) was charged by the group during the year. Interest of £34,445 (2013: £32,110) was written off during the year. The loans are repayable on demand.

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

25. RELATED PARTY TRANSACTIONS

During the year, the director, P R Vans Agnew, repaid a loan of £350,000 (2013: £nil). At the year end, P R Vans Agnew owed the group an amount of £nil (2013: £350,000), which is included within debtors. Interest of 4% per annum was payable on the loan and an amount of £1,536 (2013: £nil) was receivable by the group during the year. Interest due of £1,536 (2013: £11,238) was written off by the group during the year. The loan is repayable on demand.

During the year, the group voted dividends amounting to £nil (2013: £318,893) to P R Vans Agnew.

During the year, the group made a loan to a director, H Vans Agnew, the sum of £459,355 (2013: £nil). At the year end, H Vans Agnew owed the group an amount of £1,109,355 (2013: £650,000), which is included within debtors. Interest of 4% per annum was payable on the loan and an amount of £32,909 (2013: £nil) was receivable by the group during the year. Interest due of £32,909 (2013: £20,871) was written off by the group during the year. The loan is repayable on demand. H Vans Agnew repaid the full amount of the loan after the year end, with the final repayment received on 19 August 2015.

During the year, the group voted dividends amounting to £nil (2013: £318,893) to H Vans Agnew.

American Crew UK Limited is a company which is 50% owned by two of the directors and shareholders of Capital (Hair and Beauty) Limited, P R Vans Agnew and H Vans Agnew. During the year, Capital (Hair and Beauty) Limited made purchases amounting to £175,329 (2013: £208,879) from American Crew UK Limited. At the year end, the group owed American Crew UK Limited an amount of £193 (2013: £524) in relation to these purchases, which is included within creditors due within one year.

During the year, the group charged American Crew UK Limited management charges for various administrative functions in the sum of £12,000 (2013: £12,000), and recharged the company the sum of £897,782 (2013: £748,718) for expenses and net salaries incurred on its behalf. At the year end, American Crew UK Limited owed the group an amount of £87,070 (2013: £68,697) for the management charges and recharges, which is included within debtors.

Capital (Hair and Beauty) Limited owns 50% of the issued ordinary share capital of The Avec Corporation Limited. During the year, Capital (Hair and Beauty) Limited made purchases amounting to £1,670,703 (2013: £1,503,725) from The Avec Corporation Limited. At the year end, the group owed The Avec Corporation Limited an amount of £187,056 (2013: £73,748), which is included within creditors due within one year.

During the year, Capital (Hair and Beauty) Limited recharged The Avec Corporation Limited an amount of £61,119 (2013: £50,045). At the year end, The Avec Corporation Limited owed Capital (Hair and Beauty) Limited an amount of £15,744 (2013: £14,730), which is included within debtors.

During the year, The Avec Corporation Limited voted a dividend of £200,800 (2013: £nil) to Capital (Hair and Beauty) Limited.

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

25. RELATED PARTY TRANSACTIONS *(continued)*

Capital (Hair and Beauty) Limited owns 40% of the issued ordinary share capital of Dean Clarke Estate Limited. At the year end, Dean Clarke Estate Limited owed the group an amount of £624,960 (2013: £1,124,960), which is included with debtors.

During the year, the group rented properties from Capital (Hair and Beauty) Limited Pension Scheme, which is for the benefit of the directors, P R Vans Agnew, H Vans Agnew, S Vans Agnew and R Vans Agnew. The amount of rent payable was £133,100 (2013: £133,100). At the year end, the group had prepaid rent to Capital (Hair and Beauty) Limited Pension Scheme amounting to £30,555 (2013: £33,275), which is included within debtors.

Charm Investments Limited is a company of which two of the directors of Capital (Hair and Beauty) Limited, H Vans Agnew and R G Vans Agnew, are directors. During the year, Capital (Hair and Beauty) Limited rented a property from Charm Investments Limited. The amount of rent payable was £32,000 (2013: £32,000). At the year end, the group had prepaid rent to Charm Investments Limited amounting to £8,000 (2013: £8,000), which is included within debtors.

A Vans Agnew is the sister of two of the directors, P Vans Agnew and H Vans Agnew. During the year, Capital (Hair and Beauty) Limited rented a property from A Vans Agnew. The amount of rent payable was £40,000 (2013: £40,000). During the year, the group recharged expenses to A Vans Agnew amounting to £1,056 (2013: £1,003). During the year, A Vans Agnew recharged expenses of £nil to the group (2013: £617). At the year end, the group had prepaid rent to A Vans Agnew amounting to £10,000 (2013: £nil), which is included within debtors.

J Vans Agnew is the brother of two of the directors, P Vans Agnew and H Vans Agnew. During the year, the group recharged expenses to J Vans Agnew amounting to £nil (2013: £1,049). During the year, J Vans Agnew recharged expenses of £7,251 to the group (2013: £5,710).

The Michael Vans Agnew Grandchildren Settlement 2003 is for the benefit of the children of four of the directors, P Vans Agnew, S Vans Agnew, R Vans Agnew and H Vans Agnew. During the year, Capital (Hair and Beauty) Limited rented a property from the Michael Vans Agnew Grandchildren Settlement 2003. The amount of rent payable was £32,900 (2013: £32,900). At the year end, the group had prepaid rent to the Michael Vans Agnew Grandchildren Settlement 2003 amounting to £8,225 (2013: £8,225), which is included within debtors.

26. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>7,874</u>	<u>7,874</u>	<u>7,874</u>	<u>7,874</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

27. RESERVES

Group	Capital redemption reserve £	Profit and loss account £
Balance brought forward	54,888	15,635,153
Profit for the year	–	2,500,084
Balance carried forward	<u>54,888</u>	<u>18,135,237</u>
Company	Capital redemption reserve £	Profit and loss account £
Balance brought forward	34,758	14,488,453
Profit for the year	–	2,423,377
Balance carried forward	<u>34,758</u>	<u>16,911,830</u>

28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit for the financial year	2,500,084	3,746,657
Premium on purchase of own ordinary shares	–	(1,274)
Equity dividends	–	(637,786)
Net addition to shareholders' funds	<u>2,500,084</u>	<u>3,107,597</u>
Opening shareholders' funds	<u>15,697,915</u>	<u>12,590,318</u>
Closing shareholders' funds	<u>18,197,999</u>	<u>15,697,915</u>

29. NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	2,652,134	4,678,382
Amortisation	123,431	–
Depreciation	257,030	373,666
Profit on disposal of fixed assets	(15,786)	(26,389)
Increase in stocks	(1,337,313)	(653,983)
Decrease in debtors	177,916	107,732
Increase in creditors	1,897,013	262,093
Provision for unrecovered loan	(300,000)	–
Net cash inflow from operating activities	<u>3,454,425</u>	<u>4,741,501</u>

CAPITAL (HAIR AND BEAUTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

29. NOTES TO THE CASH FLOW STATEMENT *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014 £	2013 £
(Decrease)/Increase in cash in the period	(23,459)	446,097
Movement in net funds in the period	(23,459)	446,097
Net funds at 1 January 2014	3,173,776	2,727,679
Net funds at 31 December 2014	<u>3,150,317</u>	<u>3,173,776</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2014 £	Cash flows £	At 31 Dec 2014 £
Net cash:			
Cash in hand and at bank	3,173,776	(23,459)	3,150,317
Net funds	<u>3,173,776</u>	<u>(23,459)</u>	<u>3,150,317</u>

30. POST BALANCE SHEET EVENTS

On 1 January 2015, the trade and net assets of Pompadour Laboratories Limited were hived up to Capital (Hair and Beauty) Limited.