

Registered number: 00530201

Capital (Hair and Beauty) Limited

Annual Report and Financial Statements

For the Year Ended 31 December 2020



Capital (Hair and Beauty) Limited

Company Information

Directors

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

Company secretary

P R Vans Agnew

Registered number

00530201

Registered office

Crowhurst Corner
Crowhurst Road
Brighton
East Sussex
BN1 8AP

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Capital (Hair and Beauty) Limited

Contents

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 5
Independent Auditors' Report	6 - 9
Consolidated Statement of Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12 - 14
Consolidated Statement of Changes in Equity	14
Company Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Analysis of Net Debt	17
Notes to the Financial Statements	18 - 41

Capital (Hair and Beauty) Limited

Group Strategic Report For the Year Ended 31 December 2020

Introduction

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2020.

Business review and future developments

Clearly the overriding impact on 2020 was the impact of the pandemic, the hair and beauty industry that the company supplies was impacted by significant periods of closure and restrictions on operations when it was open. The impact of these restrictions was offset to some degree by strong online trading, sales of PPE and high demand in the periods following reopening. Despite these compensating factors the company still saw a reduction in sales of 12.5% and gross profit of 7%, given the very significant impacts on the industry during the year the directors consider this a satisfactory result.

Since the year end the Covid pandemic has continued to impact on the operation and results of the company, given the same factors referred to above the company continues to trade in a satisfactory manner with adequate cash balances for further periods of uncertainty.

Principal risks and uncertainties

Financial risks are covered in the financial instruments section of the directors report. In addition to the financial risks the group is exposed to normal commercial risks associated with a wholesale business. These are mitigated by a number of factors, the company being a wholesale operation uses a large number of suppliers and is not dependent on any one individual, the company sells through numerous locations in the UK and Ireland through multiple sales channels and to a large and diverse customer base.

Financial key performance indicators

The directors consider the key performance indicators to be: sales, gross margin and EBITDA (earnings before interest, taxes, depreciation and amortisation).

The numbers are as follows:

KPI	2020	2019
Sales	£51,246,155	£58,571,403
Gross margin	44.00%	41.49%
EBITDA	£7,548,323	£6,125,716

Other key performance indicators

The directors do not consider there to be other key performance indicators relevant to the group.

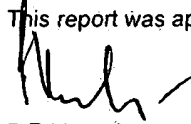
Capital (Hair and Beauty) Limited

**Group Strategic Report (continued)
For the Year Ended 31 December 2020**

Directors' statement of compliance with duty to promote the success of the group

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so must have regard (amongst other matters) to factors (a) to (f) in s172 of the Companies Act 2006. The interests of the directors and shareholders have aligned as all shareholders who are also executive directors of the business and actively involved in management. With regard to the employees all employees share in the success of the company with a bonus or commission that is linked to sales/profit and a number of operational factors. The company also organises increasing amounts of staff training at various levels. While the company has now grown to a considerable size, the culture is still that of a smaller family company, we have been in operation for over 65 years and, with the absence of external investors or debt providers, the approach to decision making has always been for the long term, evidenced by the significant investments made in recent years in both acquisitions, improvements and relocations in the store base and systems. Again, with regard to the long standing position of the company in the industry, the interests of suppliers and customers have always been critical with the majority of suppliers having a long standing relationship with the company.

This report was approved by the board and signed on its behalf.



P R Vans Agnew
Director

Date: 27.09.21

Capital (Hair and Beauty) Limited

Directors' Report For the Year Ended 31 December 2020

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

Principal activity

The group's principal activity during the year continued to be the wholesale of hair and beauty products.

Results and dividends

The profit for the year, after taxation, amounted to £2,792,581 (2019 - £2,167,269).

The directors recommend that no final dividend be paid. During the year the directors declared a dividend of £4,000,000 (2019 - £1,570,000).

Directors

The directors who served during the year were:

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

Financial instruments

The group is funded from internal resources with no use of external debt, as such there is no exposure to interest rate risk. The group is exposed to liquidity and cash flow risk, however in normal times these have relatively low variability, the risk is mitigated by the group maintaining significant cash reserves, the level of which have been increased in the current pandemic period. Further reduction in cash flow risk in the medium term is provided by the companies freehold building investments that could be used as security on debt if required. The company is exposed to normal commercial risks in terms of pricing pressure however being a B2B supplier in an industry where the products sold represent a relatively low proportion of the final service price charged of the customer the sales price is relatively elastic. The group is exposed to foreign exchange risk but this is mitigated by moving an increasing proportion of stock purchases to be in Euros providing a natural hedge.

Engagement with employees

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, in normal times, 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.

Engagement with suppliers, customers and others

The company places particular importance in maintaining positive relations with all suppliers, in particular aiming to comply with suppliers' credit terms. Again 2020 was not a normal year and the company benefited from the support of a number of its long term suppliers during the early stages of the pandemic. As the year progressed payments were brought within standard terms and at the year end our trade creditor days stood at 36 days.

Capital (Hair and Beauty) Limited

Directors' Report (continued) For the Year Ended 31 December 2020

Greenhouse gas emissions, energy consumption and energy efficiency action

In line with the Greenhouse Gas Emissions, Energy Consumption and Energy Efficiency Action, the company is required to report on its energy usage during the year and the related carbon consumption. During 2020 the relevant figures are:

2020 Energy Consumption	KW	Greenhouse Gas emissions
Electricity	1,001,855	233.57
Gas	334,606	68.17
Owned Fleet	307,589	68.12
Grey Fleet	13,910	3.44

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

The ratio of KW/£ sales is 0.019 kw/£. We have moved some of the owned fleet to electric vehicles (about 8% of fleet), we have significant solar installed on the roof of head office, we don't have annual figures but to date it has generated 124595 kwh of electricity saving 71019 kg of CO2. We also continually invest in the store base, at each refit we look at installing more efficient heating and look at insulation levels, our head office and Brighton store were certified BREEAM excellent when we built them.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group's and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Capital (Hair and Beauty) Limited

**Directors' Report (continued)
For the Year Ended 31 December 2020**

Disclosure of information to auditors

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

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

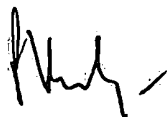
Post balance sheet events

Information relating to events since the end of the year is given in the strategic report.

Auditors

The auditors, Kreston Reeves LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



P R Vans Agnew
Director

Date: 27.05.21

Capital (Hair and Beauty) Limited

Independent Auditors' Report to the Members of Capital (Hair and Beauty) Limited

Opinion

We have audited the financial statements of Capital (Hair and Beauty) Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and company Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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 of the parent company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 or the 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.

Capital (Hair and Beauty) Limited

Independent Auditors' Report to the Members of Capital (Hair and Beauty) Limited (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Capital (Hair and Beauty) Limited

Independent Auditors' Report to the Members of Capital (Hair and Beauty) Limited (continued)

Auditors' 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 Auditors' 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, and through discussion with the directors and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue or expenditure, management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the Group engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Capital (Hair and Beauty) Limited

Independent Auditors' Report to the Members of Capital (Hair and Beauty) Limited (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the parent company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group and the parent company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

Graham Hunt

Graham Hunt BA FCA (Senior Statutory Auditor)

for and on behalf of
Kreston Reeves LLP

Chartered Accountants
Statutory Auditor

Horsham

Date: *29 September 2021*

Capital (Hair and Beauty) Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	4	51,246,155	58,571,403
Cost of sales		(28,695,602)	(34,264,706)
Gross profit		22,550,553	24,306,697
Distribution costs		(1,457,779)	(612,116)
Administrative expenses		(20,049,099)	(20,794,734)
Other operating income	5	2,866,023	113,757
Operating profit	6	3,909,698	3,013,604
Share of profit of joint venture	15	252,958	164,772
Total operating profit		4,162,656	3,178,376
Interest receivable and similar income		38,992	47,556
Interest payable and similar expenses		(1,341)	(294)
Profit before taxation		4,200,307	3,225,638
Tax on profit	10	(1,407,726)	(1,058,369)
Profit for the financial year		2,792,581	2,167,269
Currency translation differences		33	(18,991)
Other comprehensive income for the year		33	(18,991)
Total comprehensive income for the year		2,792,614	2,148,278
Profit for the year attributable to:			
Owners of the parent company		2,792,581	2,167,269
		2,792,581	2,167,269
Total comprehensive income for the year attributable to:			
Owners of the parent company		2,792,614	2,148,278
		2,792,614	2,148,278

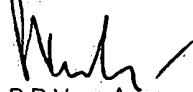
The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited
Registered number: 00530201

Consolidated Balance Sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	85,593	2,638,823
Tangible assets	14	6,390,810	6,501,391
Investments	15	1,794,108	1,541,150
		<u>8,270,511</u>	<u>10,681,364</u>
Current assets			
Stocks	16	11,648,623	12,978,893
Debtors: amounts falling due after more than one year	17	715,563	768,123
Debtors: amounts falling due within one year	17	2,843,029	3,676,594
Cash at bank and in hand	18	8,635,903	4,855,726
		<u>23,843,118</u>	<u>22,279,336</u>
Creditors: amounts falling due within one year	19	(7,486,705)	(7,126,183)
Net current assets		<u>16,356,413</u>	<u>15,153,153</u>
Total assets less current liabilities		<u>24,626,924</u>	<u>25,834,517</u>
Creditors: amounts falling due after more than one year		-	(360)
Provisions for liabilities			
Deferred taxation	23	(58,080)	(57,927)
		<u>(58,080)</u>	<u>(57,927)</u>
Net assets		<u>24,568,844</u>	<u>25,776,230</u>
Capital and reserves			
Called up share capital	24	8,748	8,748
Share premium account	25	499,126	499,126
Capital redemption reserve	25	54,888	54,888
Profit and loss account	25	24,006,082	25,213,468
Equity attributable to owners of the parent company		<u>24,568,844</u>	<u>25,776,230</u>

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


P R Vans Agnew
Director

27-09-21

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited
Registered number: 00530201

Company Balance Sheet
As at 31 December 2020

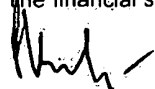
	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	85,593	2,625,080
Tangible assets	14	5,882,456	5,948,432
Investments	15	5,297,698	5,305,434
		<u>11,265,747</u>	<u>13,878,946</u>
Current assets			
Stocks	16	11,150,960	12,617,982
Debtors: amounts falling due after more than one year	17	715,563	768,123
Debtors: amounts falling due within one year	17	4,214,549	3,164,072
Cash at bank and in hand	18	7,837,913	4,349,672
		<u>23,918,985</u>	<u>20,899,849</u>
Creditors: amounts falling due within one year	19	(12,227,367)	(10,188,930)
Net current assets		<u>11,691,618</u>	<u>10,710,919</u>
Total assets less current liabilities		<u>22,957,365</u>	<u>24,589,865</u>
Provisions for liabilities			
Deferred taxation	23	(57,927)	(57,927)
		<u>(57,927)</u>	<u>(57,927)</u>
Net assets excluding pension asset		<u>22,899,438</u>	<u>24,531,938</u>
Net assets		<u><u>22,899,438</u></u>	<u><u>24,531,938</u></u>

Capital (Hair and Beauty) Limited
Registered number: 00530201

Company Balance Sheet (continued)
As at 31 December 2020

	Note	31 December 2020 £	31 December 2019 £
Capital and reserves			
Called up share capital	24	8,748	8,748
Share premium account	25	499,126	499,126
Capital redemption reserve	25	34,758	34,758
Profit and loss account brought forward		23,989,306	23,712,079
Profit for the year		2,367,500	1,847,227
Other changes in the profit and loss account		(4,000,000)	(1,570,000)
Profit and loss account carried forward		<u>22,356,806</u>	<u>23,989,306</u>
		<u><u>22,899,438</u></u>	<u><u>24,531,938</u></u>

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



P R Vans Agnew
Director

27-09-21

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited
Registered number: 00530201

Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2020

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	8,748	499,126	54,888	24,635,190	25,197,952
Comprehensive income for the year					
Profit for the year	-	-	-	2,167,269	2,167,269
Currency translation differences	-	-	-	(18,991)	(18,991)
Other comprehensive income for the year	-	-	-	(18,991)	(18,991)
Contributions by and distributions to owners	-	-	-	2,148,278	2,148,278
Dividends: Equity capital	-	-	-	(1,570,000)	(1,570,000)
Total transactions with owners	-	-	-	(1,570,000)	(1,570,000)
At 1 January 2020	8,748	499,126	54,888	25,213,468	25,776,230
Comprehensive income for the year					
Profit for the year	-	-	-	2,792,581	2,792,581
Currency translation differences	-	-	-	33	33
Other comprehensive income for the year	-	-	-	33	33
Contributions by and distributions to owners	-	-	-	2,792,614	2,792,614
Dividends: Equity capital	-	-	-	(4,000,000)	(4,000,000)
Total transactions with owners	-	-	-	(4,000,000)	(4,000,000)
At 31 December 2020	8,748	499,126	54,888	24,006,082	24,568,844

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited

**Company Statement of Changes in Equity
For the Year Ended 31 December 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	8,748	499,126	34,758	23,712,079	24,254,711
Comprehensive income for the year					
Profit for the year	-	-	-	1,847,227	1,847,227
Total comprehensive income for the year	-	-	-	1,847,227	1,847,227
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,570,000)	(1,570,000)
Total transactions with owners	-	-	-	(1,570,000)	(1,570,000)
At 1 January 2020	8,748	499,126	34,758	23,989,306	24,531,938
Comprehensive income for the year					
Profit for the year	-	-	-	2,367,500	2,367,500
Total comprehensive income for the year	-	-	-	2,367,500	2,367,500
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(4,000,000)	(4,000,000)
Total transactions with owners	-	-	-	(4,000,000)	(4,000,000)
At 31 December 2020	8,748	499,126	34,758	22,356,806	22,899,438

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited

**Consolidated Statement of Cash Flows
For the Year Ended 31 December 2020**

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,792,581	2,167,269
Adjustments for:		
Amortisation of intangible assets	2,553,230	2,256,659
Depreciation of tangible assets	846,180	690,680
Profit on disposal of tangible assets	(9,917)	(51,454)
Interest payable	1,341	294
Interest receivable	(38,992)	(47,556)
Taxation charge	1,408,222	1,058,369
Decrease/(increase) in stocks	1,329,940	(1,464,300)
Decrease in debtors	886,128	351,886
(Decrease)/increase in creditors	(98,979)	571,714
Share of profit in joint ventures	(252,958)	(131,207)
Corporation tax paid	(948,568)	(1,092,950)
Net cash generated from operating activities	<u>8,468,208</u>	<u>4,309,404</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(785,197)
Purchase of tangible fixed assets	(779,433)	(615,318)
Sale of tangible fixed assets	53,751	58,358
Interest received	38,992	47,556
Net cash from investing activities	<u>(686,690)</u>	<u>(1,294,601)</u>
Cash flows from financing activities		
Repayment of/new finance leases	-	2,731
Loans due from/(repaid to) directors	-	17,938
Dividends paid	(4,000,000)	(1,570,000)
Interest paid	(1,341)	(294)
Net cash used in financing activities	<u>(4,001,341)</u>	<u>(1,549,625)</u>
Net increase in cash and cash equivalents	<u>3,780,177</u>	<u>1,465,178</u>
Cash and cash equivalents at beginning of year	4,855,726	3,390,548
Cash and cash equivalents at the end of year	<u><u>8,635,903</u></u>	<u><u>4,855,726</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>8,635,903</u>	<u>4,855,726</u>
	<u><u>8,635,903</u></u>	<u><u>4,855,726</u></u>

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited

**Consolidated Analysis of Net Debt
For the Year Ended 31 December 2020**

	At 1 January 2020 £	Cash flows £	Other non- cash changes £	At 31 December 2020 £
Cash at bank and in hand	4,855,726	3,780,177	-	8,635,903
Debt due within 1 year	-	-	-	-
Finance leases	(2,731)	-	2,731	-
	<u>4,852,995</u>	<u>3,780,177</u>	<u>2,731</u>	<u>8,635,903</u>

The notes on pages 18 to 41 form part of these financial statements.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Capital (Hair & Beauty) Limited is a company limited by share capital incorporated in England, within the United Kingdom. The address of the registered office is given in the company information page at the start of these financial statements. The principal place of business is the same as the registered office address.

The nature of the group's and the company's operations and its principal activities are set out in the Directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling which is the functional currency of the group and the company and are rounded to the nearest £1.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The parent company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows and paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), 12.29A and 12.30 provided disclosures equivalent to those required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated;
- the requirement of paragraph 33.7.

This information is included in the group figures in these consolidated financial statements.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.3 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.4 Going concern

The COVID-19 pandemic has developed rapidly in 2020. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus has impacted on the group's results. The government have announced implementation of government assistance measures to mitigate some of the impact of the COVID-19 pandemic. Through the use of the government assistance and reserves and cash balances available to the group the directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future. Therefore the financial statements have been prepared on a going concern basis.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.5 Revenue

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

Sale of goods

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

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

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Operating leases: the group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.8 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

The estimated useful lives range as follows:

Goodwill	-	over the useful economic life of 1 to 5 years
Computer software	-	25% straight line

2.10 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the methods noted below.

Depreciation is provided on the following basis:

Freehold property	- 2% on cost (land not depreciated)
Improvements to property	- 10% on cost
Motor vehicles	- 20% or 25% on cost
Fixtures and fittings	- 20% or 25% on cost, 25% on reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Joint ventures

An entity is treated as a joint venture where the group is a party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, joint ventures are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the joint venture. The Consolidated Statement of Comprehensive Income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the Consolidated Balance Sheet, the interests in joint ventures are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

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

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

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

2.16 Creditors

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

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.17 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.18 Financial instruments

The group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

2. Accounting policies (continued)

2.20 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.21 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the group in independently administered funds.

2.22 Operating leases: the group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, however, by their nature they will rarely equal the related actual outcome.

The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Stock provision

The group holds a significant level of goods for resale. Provision is made for slow-moving and potentially obsolete stock, which requires management to make judgements and estimates based on historical experience and on other factors that are believed to be relevant in the circumstances.

Useful life of goodwill arising from business combinations

The group has recognised goodwill and other intangible assets arising from business combinations with a carrying value of £nil (2019 - £2,500,826) at the reporting date (see note 13). On acquisition the company determines a reliable estimate of the useful life of goodwill and intangible assets. The directors cannot predict the commercial viability of the business, to which the goodwill relates, past five years due to uncertainties over online and other competition. The directors review the useful life regularly. If there is any indication that has been a significant change in the useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Sale of goods	51,108,055	57,816,655
Rendering of services	138,100	754,748
	<u>51,246,155</u>	<u>58,571,403</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	45,221,385	52,835,678
Rest of Europe	6,024,770	5,735,725
	<u>51,246,155</u>	<u>58,571,403</u>

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

5. Other operating income

	2020 £	2019 £
Other operating income	123,265	77,381
Net rents receivable	79,309	36,376
Government grants receivable	2,663,449	-
	<u>2,866,023</u>	<u>113,757</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Exchange differences	68,457	91,933
Other operating lease rentals	1,897,447	1,906,182
Depreciation	846,180	690,680
Profit on disposal of fixed assets	(53,750)	(40,625)
Goodwill amortisation	2,500,826	2,204,526
Computer software amortisation	52,404	52,134
	<u>2,866,023</u>	<u>113,757</u>

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	<u>30,700</u>	<u>46,255</u>
Fees payable to the group's auditor and its associates in respect of:		
Taxation compliance services	4,300	430
All other services	<u>7,950</u>	<u>5,600</u>
	<u>12,250</u>	<u>6,030</u>

In addition, fees payable to the auditor for the share of the joint venture's audit fee was £4,050 (2019: £3,600).

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

8. Employees

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	9,179,529	9,708,421	8,897,832	9,708,421
Social security costs	856,006	828,606	856,006	828,606
Cost of defined contribution scheme	340,504	291,187	334,504	291,187
	<u>10,376,039</u>	<u>10,828,214</u>	<u>10,088,342</u>	<u>10,828,214</u>

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

	2020 No.	2019 No.
Sales	501	506
Admin and management	55	59
	<u>556</u>	<u>565</u>

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	470,018	551,820
Company contributions to defined contribution pension schemes	128,782	113,341
	<u>598,800</u>	<u>665,161</u>

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151,272 (2019 - £152,279).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,314 (2019 - £12,152).

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

10. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	1,407,573	1,028,343
Adjustments in respect of previous periods	-	2,746
	<u>1,407,573</u>	<u>1,031,089</u>
Total current tax	<u>1,407,573</u>	<u>1,031,089</u>
Deferred tax		
Origination and reversal of timing differences	153	27,280
Total deferred tax	<u>153</u>	<u>27,280</u>
Taxation on profit on ordinary activities	<u>1,407,726</u>	<u>1,058,369</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>4,200,307</u>	<u>3,225,638</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	798,058	612,871
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	485,114	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	8,564	17,742
Depreciation in excess of capital allowances	33,889	396,091
Adjustments to tax charge in respect of prior periods	-	2,746
Difference in tax rates	-	(1,060)
Movement in deferred tax provision	-	29,979
Deferred tax not recognised	(1,499)	-
Group relief	(8,053)	-
Other	91,653	-
Total tax charge for the year	<u>1,407,726</u>	<u>1,058,369</u>

Factors that may affect future tax changes

There were no factors that may affect future tax changes.

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

11. Dividends

	2020 £	2019 £
A Ordinary shares	4,000,000	1,560,000
B Ordinary shares	-	10,000
	<u>4,000,000</u>	<u>1,570,000</u>

12. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £2,367,500 (2019 - £1,847,227).

13. Intangible assets

Group

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2020	262,023	9,071,632	9,333,655
At 31 December 2020	<u>262,023</u>	<u>9,071,632</u>	<u>9,333,655</u>
Amortisation/impairment			
At 1 January 2020	124,026	6,570,806	6,694,832
Charge for the year on owned assets	52,404	2,500,826	2,553,230
At 31 December 2020	<u>176,430</u>	<u>9,071,632</u>	<u>9,248,062</u>
Net book value			
At 31 December 2020	<u>85,593</u>	<u>-</u>	<u>85,593</u>
At 31 December 2019	<u>137,997</u>	<u>2,500,826</u>	<u>2,638,823</u>

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

13. Intangible assets (continued)

Company

	Computer software £	Goodwill £	Total £
Cost			
At 1 January 2020	262,023	8,909,317	9,171,340
At 31 December 2020	262,023	8,909,317	9,171,340
Amortisation/Impairment			
At 1 January 2020	124,026	6,422,234	6,546,260
Charge for the year	52,404	2,487,083	2,539,487
At 31 December 2020	176,430	8,909,317	9,085,747
Net book value			
At 31 December 2020	85,593	-	85,593
At 31 December 2019	137,997	2,487,083	2,625,080

In line with the accounting policy for intangible assets, the directors have reviewed the useful lives of goodwill recognised on the balance sheet and consider that there has been a change in the useful lives previously determined. This change in accounting estimate has been accounted for prospectively and the effect on the goodwill held within intangible assets has been to recognise an additional £1,095,833 of amortisation in the year ended 31 December 2020, reducing the net book value of goodwill to £Nil by the balance sheet date. Goodwill is now fully amortised and therefore no amortisation will be charged in future periods.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

14. Tangible fixed assets

Group

	Freehold property £	Improvements to property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2020	4,760,885	2,118,708	1,320,895	2,201,870	10,402,358
Additions	-	401,883	218,214	159,336	779,433
Disposals	-	-	(95,048)	-	(95,048)
At 31 December 2020	4,760,885	2,520,591	1,444,061	2,361,206	11,086,743
Depreciation					
At 1 January 2020	508,948	1,052,787	700,364	1,638,868	3,900,967
Charge for the year on owned assets	71,809	154,176	324,758	295,437	846,180
Disposals	-	-	(51,214)	-	(51,214)
At 31 December 2020	580,757	1,206,963	973,908	1,934,305	4,695,933
Net book value					
At 31 December 2020	4,180,128	1,313,628	470,153	426,901	6,390,810
At 31 December 2019	4,251,937	1,065,921	620,531	563,002	6,501,391

Capital (Hair and Beauty) Limited

Notes to the Financial Statements
For the Year Ended 31 December 2020

14. Tangible fixed assets (continued)

Company

	Freehold property £	Improvements to property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 January 2020	4,302,181	1,718,542	1,294,075	2,130,901	9,445,699
Additions	-	401,883	218,214	159,336	779,433
Disposals	-	-	(95,048)	-	(95,048)
At 31 December 2020	4,302,181	2,120,425	1,417,241	2,290,237	10,130,084
Depreciation					
At 1 January 2020	504,098	751,727	673,543	1,567,899	3,497,267
Charge for the year on owned assets	67,222	114,159	324,757	295,437	801,575
Disposals	-	-	(51,214)	-	(51,214)
At 31 December 2020	571,320	865,886	947,086	1,863,336	4,247,628
Net book value					
At 31 December 2020	3,730,861	1,254,539	470,155	426,901	5,882,456
At 31 December 2019	3,798,083	966,815	620,532	563,002	5,948,432

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

15. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 January 2020	1,541,150
Additions	252,958
At 31 December 2020	<u>1,794,108</u>
Net book value	
At 31 December 2020	<u>1,794,108</u>
At 31 December 2019	<u>1,541,150</u>

Company

	Investments in subsidiary companies £	Investment in joint ventures £	Total £
Cost or valuation			
At 1 January 2020	5,245,169	60,265	5,305,434
Additions	5,440	-	5,440
Disposals	(13,176)	-	(13,176)
At 31 December 2020	<u>5,237,433</u>	<u>60,265</u>	<u>5,297,698</u>
Net book value			
At 31 December 2020	<u>5,237,433</u>	<u>60,265</u>	<u>5,297,698</u>
At 31 December 2019	<u>5,245,169</u>	<u>60,265</u>	<u>5,305,434</u>

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Class of shares	Holding
Hair and Beauty Direct Limited	Dormant	Ordinary	100%
Pompadour Laboratories Limited	Dormant	Ordinary	100%
M. and S. Supplies (Liverpool) Limited	Sublet of property to the group	Ordinary	100%
College Kits Direct Limited	Wholesale of hair and beauty products	Ordinary	100%
Salon Express (Chelmsford) Limited	Dormant	Ordinary	100%
Salon Connection (Wales) Limited	Sublet of property to the group	Ordinary	100%
Absolute Beauty Limited	Sublet of property to the group	Ordinary	100%
Eclipse Professional Hair & Beauty Supplies Limited	Sublet of property to the group	Ordinary	100%

The registered office for all above companies except for Absolute Beauty Limited is:

Capital Hair & Beauty
Crowhurst Corner
Crowhurst Road
Brighton
BN1 8AP

The registered office for Absolute Beauty Limited is:

Kinsale Road Business Park
Kinsale Road
Cork
County Cork
Republic of Ireland

In line with the exemption allowed under section 479A of the Companies Act 2006 certain of the subsidiary companies of Capital (Hair and Beauty) Limited have been made exempt from the requirements to have an audit under section 475 of the Companies Act 2006. In order to meet this exemption Capital (Hair and Beauty) Limited has pledged to guarantee all outstanding liabilities to which the relevant subsidiaries are subject to at the end of the financial year to which the guarantee relates until they are satisfied in full and that this guarantee is enforceable against the parent undertaking by any person to which the subsidiaries are liable in respect of those liabilities.

For the year ended 31 December 2020 the following subsidiary companies have taken the exemption from audit under section 479A of the Companies Act 2006:

- M. and S. Supplies (Liverpool) Limited (Registered number: 01626787)
- College Kits Direct Limited (Registered number: 06854627)
- Salon Connection (Wales) Limited (Registered number: 05879279)
- Eclipse Professional Hair & Beauty Supplies Limited (Registered number: 03016838)

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Fixed asset investments (continued)

Joint venture

The following was a joint venture of the company:

Name	Registered office	Principal activity	Holding
The Avec Corporation Limited	Capital Hair & Beauty Crowhurst Corner Crowhurst Road Brighton East Sussex BN1 8AP	Hair and beauty suppliers	50%

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Finished goods and goods for resale	<u>11,648,623</u>	<u>12,978,893</u>	<u>11,150,960</u>	<u>12,617,982</u>

There is no material difference between purchase price or production cost of stocks and their replacement cost.

The carrying value of stocks is stated net of impairment losses totalling £211,300 (2019 - £165,516). Impairment losses totalling £69,452 (2019 - £165,516) were recognised in profit or loss.

17. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Due after more than one year				
Loans	<u>715,563</u>	<u>768,123</u>	<u>715,563</u>	<u>768,123</u>
Due within one year				
Trade debtors	1,038,120	1,233,286	790,423	928,046
Amounts owed by group undertakings	-	-	1,893,181	122,374
Other debtors	1,592,781	1,598,207	1,347,542	1,470,500
Prepayments and accrued income	212,128	819,048	183,403	643,152
Tax recoverable	-	26,053	-	-
	<u>2,843,029</u>	<u>3,676,594</u>	<u>4,214,549</u>	<u>3,164,072</u>

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

18. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	8,635,903	4,855,726	7,837,913	4,349,672
	8,635,903	4,855,726	7,837,913	4,349,672

19. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	1,468,044	2,271,826	1,451,699	2,209,703
Amounts owed to group undertakings	-	-	5,231,218	3,356,810
Amounts owed to joint ventures	28,400	-	774	-
Corporation tax	1,011,908	552,407	949,846	499,185
Other taxation and social security	1,770,877	859,598	1,530,332	692,060
Obligations under finance lease and hire purchase contracts	-	2,371	-	-
Other creditors	857,036	301,411	747,558	298,509
Accruals and deferred income	2,350,440	3,138,570	2,315,940	3,132,663
	7,486,705	7,126,183	12,227,367	10,188,930

20. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £
Net obligations under finance leases and hire purchase contracts	-	360

The following liabilities were secured:

	Group 2020 £	Group 2019 £
Hire purchase contracts	-	2,731
	-	2,731

Details of security provided:

The hire purchase liability is secured on the asset to which it relates.

The hire purchase creditors with a carrying value of £Nil (2019: £2,731) are denominated in Euros.

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	-	2,371
Between 1-5 years	-	360
	<u>-</u>	<u>2,731</u>

22. Financial instruments

	Group 2020 £	Group 2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>11,982,367</u>	<u>8,455,342</u>
Financial liabilities		
Financial liabilities that are debt instruments measured at amortised cost	<u>4,703,920</u>	<u>5,715,312</u>

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

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, amounts owed to joint ventures, obligation under hire purchase, other creditors and accruals.

23. Deferred taxation

Group

	2020 £
At beginning of year	(57,927)
Charged to profit or loss	(153)
At end of year	<u>(58,080)</u>

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

23. Deferred taxation (continued)

Company

	2020 £
At beginning of year	(57,927)
Charged to profit or loss	-
At end of year	(57,927)

The provision for deferred taxation is made up as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(58,080)	(57,927)	(57,927)	(57,927)
	(58,080)	(57,927)	(57,927)	(57,927)

24. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
7,874 (2019 - 7,874) A Ordinary shares of £1.00 each	7,874	7,874
874 (2019 - 874) B Ordinary shares of £1.00 each	874	874
	8,748	8,748

The A Ordinary shares and B Ordinary shares carry equal rights save in respect of dividends whereby dividends can be paid to holders of the shares at differing rates.

The B Ordinary shares carry no voting rights.

25. Reserves

Share premium account

Arises when the amount received for shares issued is higher than the par value of shares.

Capital redemption reserve

Arises following redemption on purchase of own shares.

Profit and loss account

Includes the current and prior period retained profits and losses.

Capital (Hair and Beauty) Limited

Notes to the Financial Statements For the Year Ended 31 December 2020

26. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £340,504 (2019 - £291,187). Contributions totalling £10,045 (2019 - £67,279) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

The group and the company as a lessee:

At 31 December 2020 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	1,447,597	1,311,080	1,400,622	1,311,080
Later than 1 year and not later than 5 years	4,550,198	3,307,657	4,462,698	3,307,657
Later than 5 years	1,936,086	1,430,300	1,936,086	1,430,300
	<u>7,933,881</u>	<u>6,049,037</u>	<u>7,799,406</u>	<u>6,049,037</u>

The group and the company as a lessor:

At 31 December 2020 the Group and the Company had contracted with customers to receive the following total future minimum lease rentals as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Not later than 1 year	36,875	31,250	31,250	31,250
Later than 1 year and not later than 5 years	41,604	68,854	41,604	68,854
Later than 5 years	-	4,000	-	4,000
	<u>78,479</u>	<u>104,104</u>	<u>72,854</u>	<u>104,104</u>

28. Transactions with directors

During the year, the group advanced £6,600 (2019: £6,556) to the directors and they repaid £nil (2019: £24,494). At the year end, the directors owed the group £334,018 (2019: £322,529). Advances to two of the directors attracted interest at the H M Revenue and Customs Average Official Rate. The remaining advances were interest-free. All of the advances were unsecured and repayable on demand.

Capital (Hair and Beauty) Limited

**Notes to the Financial Statements
For the Year Ended 31 December 2020**

29. Related party transactions

Balances and transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note in accordance with Section 33 of FRS 102.

	2020 £	2019 £
Key management personnel		
Dividends	4,000,000	1,570,000
Interest receivable	6,600	6,556
Amount due from related party	334,018	322,529
Other related parties		
Purchases	210,274	115,000
Recharges	3,504	3,764
Amounts due from related party	415,491	463,691

The total key management personnel compensation was £598,800 (2019 - £721,853)

30. Controlling party

The company and group are controlled by the majority shareholders, P R Vans Agnew and H M Vans Agnew.