

Registered number 00947667



## **KMS HAIRCARE Limited**

	<b>Page</b>
Officers and professional advisors	2
Directors' report	3
Directors' responsibilities statement	4
Independent auditor's report	5
Profit and loss account	7
Statement of other comprehensive income	8
Balance Sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

# **KMS HAIRCARE Limited**

## **OFFICERS AND PROFESSIONAL ADVISORS**

**Director** E Brockhus

**Company Secretary** C Renwick

**Registered Office** 130 Shaftesbury Avenue  
London  
W1D 5EU

**Independent Auditor** Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

**Bankers** Barclays Bank PLC  
London Corporate Banking  
50 Pall Mall  
London  
SW1A 1QA

Citibank NA  
Canada Square  
Canary Wharf  
London  
E14 5LB

**Legal Advisors** Hogan Lovells International LLP  
Atlantic House  
Holborn Viaduct  
London  
EC1A 2FG

# KMS HAIRCARE LIMITED

## DIRECTOR'S REPORT

The Director has taken the small companies exemption contained in s414B of the Companies Act 2006 from the requirement to prepare a strategic report. The Director presents the Annual Report and the audited financial statements for the year ended 31 December 2015. The Director's Report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

### Principal activities

The Company participates in cash pooling with other Kao Group participants within the United Kingdom.

### Results, dividends and transfers to reserves

The financial results for the year to 31 December 2015 are set out in the profit and loss account on page 7.

During the year ended 31 December 2015, the Company achieved a profit for the financial year of £12,225 (2014: £11,712).

The Director does not recommend a dividend for the year ended 31 December 2015 (2014: £nil). Accordingly, the retained profit of £12,225 (2014: £11,712) has been transferred to reserves.

### Director and his share interests

The Directors who served during the year are as follows:

N Wood	Resigned 25 November 2015
E Brockhus	Appointed 26 November 2015

The Director serving at the year end did not hold any interest in the shares of the Company or any other group company.

### Going concern

The Company participates in the Kao Group cash pooling within the UK and interest income is generated from this participation. As such, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of time not less than 12 months from approval of these Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### Provision of information to auditor

In the case of the person who is a Director of the Company at the date when this report is approved:

- so far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### Auditor

Pursuant to s487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Deloitte LLP will therefore continue in office.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015. The requirements for transition to FRS 101 from the previous GAAP have been taken into consideration in the preparation of these financial statements. The financial statements were approved by the Director.



E Brockhus

Date 8 June 2016

# **KMS HAIRCARE LIMITED**

## **Director's Responsibility Statement**

### **Director's responsibilities statement**

The director is responsible for preparing the Annual Report including 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 Financial Reporting Standard 101 Reduced Disclosure Framework. 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **KMS HAIRCARE LIMITED**

## **Independent auditor's report to the members of KMS Haircare Limited**

We have audited the financial statements of KMS Haircare Ltd for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13. 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), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, 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 company's affairs as at 31 December 2015 and of its 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

# **KMS HAIRCARE LIMITED**

## **Independent auditors' report to the members of KMS Haircare Limited** *(continued)*

### **Opinion on other matters prescribed by the Companies Act 2006**

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

### **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 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, or
- the director was not entitled to take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report



Julian Rae (Senior statutory auditor)

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

Cambridge, United Kingdom

Date 8 June 2016

## KMS HAIRCARE LIMITED

### Profit and loss account

For the year ended 31 December 2015

	Note	2015 £	2014 £
Administrative expenses	4,5	(11,000)	(11,500)
<b>Operating loss</b>		(11,000)	(11,500)
Interest receivable and similar income	3	26,363	26,504
Interest payable and similar charges	3	(34)	(85)
<b>Profit on ordinary activities before taxation</b>		15,329	14,919
Tax charge on profit on ordinary activities	6	(3,104)	(3,207)
<b>Profit for the financial year</b>	11	12,225	11,712



## **KMS HAIRCARE LIMITED**

### **Statement of other comprehensive income**

For the year ended 31 December 2015

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Profit for the year</b>	<u>12,225</u>	<u>11,712</u>
<b>Total Comprehensive income for the period attributable to the Owners of the Company</b>	<u><u>12,225</u></u>	<u><u>11,712</u></u>

# KMS HAIRCARE LIMITED

## Balance sheet

At 31 December 2015

	Note	2015 £	2014 £
<b>Current assets</b>			
Debtors			
Debtors due within one year	7	6,873,759	6,853,938
Cash at bank and in hand		68,599	79,799
		<u>6,942,358</u>	<u>6,933,737</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(7,103)</u>	<u>(10,707)</u>
<b>Net current assets, being Net Assets</b>		<u>6,935,255</u>	<u>6,923,030</u>
<b>Capital and reserves</b>			
Called-up share capital	9	422	422
Capital redemption reserve	10	1,298	1,298
Profit and loss account	11	<u>6,933,535</u>	<u>6,921,310</u>
<b>Shareholders' funds</b>		<u>6,935,255</u>	<u>6,923,030</u>

The financial statements of KMS Haircare Limited registered number 00947667 were approved by the Director and authorised for issue on 8 June 2016. Advantage has been taken of the small companies' exemption under the Companies Act (2006).



E Brockhus

Director

# KMS HAIRCARE LIMITED

## Statement of changes in equity At 31 December 2015

	Called up share capital (Note 9)	Share premium account (Note 10)	Profit and loss account (Note 11)	Total
	£	£	£	£
Balance at 1 January 2014	422	1,298	6,909,598	6,911,318
Profit for the period	-	-	11,712	11,712
Balance at 31 December 2014	422	1,298	6,921,310	6,923,030
Profit for the period	-	-	12,225	12,225
Balance at 31 December 2015	422	1,298	6,933,535	6,935,255

# KMS HAIRCARE LIMITED

## Notes to the financial statements

For the year ended 31 December 2015

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of accounting

KMS Haircare Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the Director's report on pages 3.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1-6-33 and related appendices. These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The principal accounting policies adopted are set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Kao Germany GmbH. Details of the parent in whose consolidated financial statements the company is included are shown in note 13 to the financial statements.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the group accounts of Kao Germany GmbH. The group accounts of Kao Germany GmbH are available to the public and can be obtained as set out in note 13.

# KMS HAIRCARE LIMITED

## Notes to the financial statements (continued)

For the year ended 31 December 2015

### 1. Accounting policies (continued)

#### Adoption of new and revised Standards

As explained above, the company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following new and revised Standards and Interpretations have been adopted in the current year. The application of these specific Standards and Interpretations has not had a material effect on the company.

<p>Amendments to IAS 1 <i>Presentation of Financial Statements</i></p> <p>(as part of the Annual Improvements to IFRSs 2009 - 2011 Cycle issued in May 2012)</p>	<p>The Annual Improvements to IFRSs 2009 - 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the company are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.</p> <p>In the current year, the company has applied a number of new and revised IFRSs (see the discussion above), which has resulted in material effects on the information in the statement of financial position as at 1 January 20YY. In accordance with the amendments to IAS 1, the Company has presented a third statement of financial position as at 1 January 20YY without the related notes except for the disclosure requirements of IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> as shown in the table below.</p>
<p>IFRS 13 <i>Fair Value Measurement</i></p>	<p>The company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad, the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 <i>Share-based Payment</i>, leasing transactions that are within the scope of IAS 17 <i>Leases</i>, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).</p> <p>IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements, however the Company has taken advantage of the exemption provided under FRS 101 from providing these disclosures.</p> <p>IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.</p>

# KMS HAIRCARE LIMITED

## Notes to the financial statements (continued)

For the year ended 31 December 2015

### 1. Accounting policies (continued)

The following new and revised Standards and Interpretations have been adopted early in the current year. The application of these specific Standards and Interpretations has not had a material effect on the company.

New and revised Standards on consolidation, joint arrangements, associates and disclosure	<p>In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising IFRS 10 <i>Consolidated Financial Statements</i>, IFRS 11 <i>Joint Arrangements</i>, IFRS 12 <i>Disclosure of Interests in Other Entities</i>, IAS 27 (as revised in 2011) <i>Separate Financial Statements</i> and IAS 28 (as revised in 2011) <i>Investments in Associates and Joint Ventures</i>. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.</p> <p>In the current year, the company has applied for the first time IAS 27 (as revised in 2011) <i>Separate Financial Statements</i> and IAS 28 (as revised in 2011) <i>Investments in Associates and Joint Ventures</i>.</p> <p>Neither of these standards has had an impact on the financial statements.</p>
---	---

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report above. The Company meets its day to day working capital requirements through the profitable trading activities. The current economic conditions create uncertainty particularly over the level of demand for the Company's products and the competition from other market players.

The Directors have considered the latest guidance on going concern. The Company is cash generative with a strong net current assets position. The Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

#### Current tax for the year

Current tax is recognised in the profit or loss.

# KMS HAIRCARE LIMITED

## Notes to the financial statements *(continued)*

For the year ended 31 December 2015

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1 above, the Director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors do not consider that there are any critical accounting judgements or key sources of estimation uncertainty.

### 3. Finance charges

	2015	2014
	£	£
Interest payable and similar charges	34	85
Interest receivable and similar income	(26,324)	(26,504)
	<u>(26,290)</u>	<u>(26,419)</u>

#### Interest receivable and similar income

	2015	2014
	£	£
Interest receivable		
Bank deposits	39	46
Interest receivable from group undertakings	26,324	26,458
	<u>26,363</u>	<u>26,504</u>

# KMS HAIRCARE LIMITED

## Notes to the financial statements *(continued)*

For the year ended 31 December 2015

### 3. Finance charges (continued)

#### Interest payable and similar charges

	2015	2014
	£	£
Bank charges	34	85
	<u>34</u>	<u>85</u>

### 4. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's annual accounts were £4,000 (2014 £4,000)

Fees payable to Deloitte LLP and their associates for non-audit services to the company were £3,000 (2014 £3,500)

### 5. Management charge

The Company has no employees and no direct employee costs or Director's emoluments were incurred by the Company. N Wood and E Brockhus are paid by other companies within the Kao Group, however it is not practical to split out the costs of their services for the purpose of these accounts. A management charge of £4,000 (2014 £4,000) relates to the costs recharged for the services of one person from Kao (UK) Limited, another group company.



## KMS HAIRCARE LIMITED

### Notes to the financial statements *(continued)*

For the year ended 31 December 2015

#### 6. Tax on profit on ordinary activities

The tax charge comprises

	2015 £	2014 £
<b>Current tax</b>		
UK corporation tax	3,104	3,207
<b>Total current tax</b>	3,104	3,207
<b>Total tax on profit on ordinary activities</b>	3,104	3,207

The charge for the year can be reconciled to the profit in the profit and loss account as follows

	2015 £	2014 £
<b>Profit on ordinary activities before tax</b>	15,329	14,919
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	3,104	3,207
<b>Total tax charge for period</b>	3,104	3,207

The standard rate of tax for the year is a blended rate at 20.25%, based on the blended UK standard rate of corporation tax for 2015 (2014: 21.5%)

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 18% effective from 1 April 2020.

A reduction to the UK corporation tax rate was announced in the 2016 Budget to further reduce the tax rate to 17% (to be effective from 1 April 2020). This rate change is to be included in the Finance Bill 2016 but this has not been substantively enacted at the balance sheet date.

# KMS HAIRCARE LIMITED

## Notes to the financial statements *(continued)*

For the year ended 31 December 2015

### 7. Debtors

	2015 £	2014 £
Amounts falling due within one year		
Amounts owed by group undertakings	6,871,658	6,853,138
Other Debtors	2,100	800
	<u>6,873,758</u>	<u>6,853,938</u>

### 8. Creditors – amounts falling due within one year

	2015 £	2014 £
Corporation tax	3,103	3,207
Accruals and deferred income	4,000	7,500
	<u>7,103</u>	<u>10,707</u>

### 9. Called-up share capital

	2015 £	2014 £
<b>Authorised</b>		
9,000 ordinary 'A' shares of £1 each	9,000	9,000
1,000 ordinary 'B' shares of £1 each	1,000	1,000
	<u>10,000</u>	<u>10,000</u>
<b>Allotted, called-up and fully-paid</b>		
180 ordinary 'A' shares of £1 each	180	180
242 ordinary 'B' shares of £1 each	242	242
	<u>422</u>	<u>422</u>

The ordinary "B" shares differ from the ordinary "A" shares solely in that they do not carry any voting rights

# KMS HAIRCARE LIMITED

## Notes to the financial statements *(continued)*

For the year ended 31 December 2015

### 10. Share premium account

	Share premium £
Balance at 1 January and 31 December 2015	1,298

### 11. Profit and loss account

	£'000
Balance at 1 January 2015	6,921,310
Net profit for the year	12,225
Balance at 31 December 2015	6,933,535

### 12. Related party transactions

#### Directors' transactions

There are no transactions with directors

### 13. Controlling party

In the opinion of the Director, the ultimate parent undertaking of KMS Haircare Limited is Kao Corporation, a company incorporated in Japan. The largest group in which the results of the Company are consolidated is headed by Kao Corporation and the group accounts are available to the public from 14-10 Nihonbashi Kayabacho 1- Chome Chuo-ku, Tokyo 103-8210, Japan or from [www.kao.co.jp](http://www.kao.co.jp)

The immediate parent undertaking of KMS Haircare Limited is Kao Germany GmbH, a company incorporated in Germany. The smallest group in which the results of the Company are consolidated is headed by Kao Germany GmbH, and the group accounts may be obtained from Pfungstaedter Strasse 98, D-64297 Darmstadt, Germany