

KMS Haircare Limited
Annual Report and Financial Statements
for the year ended 31 December 2016

Registered number: 00947667

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KMS HAIRCARE Limited

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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
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 2016. 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 2016 are set out in the profit and loss account on page 7.

During the year ended 31 December 2016, the Company achieved a profit for the financial year of £12,705 (2015: £12,225).

The Director does not recommend a dividend for the year ended 31 December 2016 (2015: £nil). Accordingly, the retained profit of £12,705 (2015: £12,225) has been transferred to reserves.

Director and his share interests

The Director who served during the year is as follows:

E Brockhus

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. Due to the plan to wind up the company in the next 12 months, the Director has not adopted the going concern basis in preparing the financial statements. As noted in the basis of preparation, there were no material adjustments arising from this.

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 until the time when the company is wound up as described in the going concern paragraph above.

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 financial statements were approved by the Director:



E Brockhus

Date 6/9/17

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 director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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. He is 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 Limited for the year ended 31 December 2016 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. 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 Responsibility 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 2016 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.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

KMS HAIRCARE LIMITED

Independent auditor's report to the members of KMS Haircare Limited (continued)

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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Director's Report.

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Director's Report or from the requirement to prepare a Strategic Report



Paul Adkins (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date: 14th September 2017.

KMS HAIRCARE LIMITED

Profit and loss account

For the year ended 31 December 2016

	Note	2016 £	2015 £
Administrative expenses	4, 5	(8,000)	(11,000)
Operating loss		(8,000)	(11,000)
Interest receivable and similar income	3	24,030	26,363
Interest payable and similar charges	3	(72)	(34)
Profit on ordinary activities before taxation		15,958	15,329
Tax charge on profit on ordinary activities	6	(3,253)	(3,104)
Profit for the financial year		12,705	12,225

KMS HAIRCARE LIMITED

Statement of other comprehensive income For the year ended 31 December 2016

	2016 £	2015 £
Profit for the year	12,705	12,225
Total Comprehensive income for the year attributable to the Owners of the Company	12,705	12,225

KMS HAIRCARE LIMITED

Balance sheet

As at 31 December 2016

	Note	2016 £	2015 £
Current assets			
Debtors due within one year	7	6,896,473	6,873,759
Cash at bank and in hand		58,679	68,599
		<u>6,955,152</u>	<u>6,942,358</u>
Creditors: Amounts falling due within one year	8	<u>(7,192)</u>	<u>(7,103)</u>
Net current assets, being Net Assets		<u>6,947,960</u>	<u>6,935,255</u>
Capital and reserves			
Called-up share capital	9	422	422
Capital redemption reserve		1,298	1,298
Profit and loss account		<u>6,946,240</u>	<u>6,933,535</u>
Shareholders' funds		<u>6,947,960</u>	<u>6,935,255</u>

The financial statements of KMS Haircare Limited registered number 00947667 were approved by the Director and authorised for issue on 6 September 2017. 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

For the year ended 31 December 2016

	Called up share capital (Note 9)	Share premium account	Profit and loss account	Total
	£	£	£	£
Balance at 1 January 2015	422	1,298	6,921,310	6,923,030
Profit for the year	-	-	12,225	12,225
Balance at 31 December 2015	422	1,298	6,933,535	6,935,255
Profit for the year	-	-	12,705	12,705
Balance at 31 December 2016	422	1,298	6,946,240	6,947,960

KMS HAIRCARE LIMITED

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Basis of accounting

KMS Haircare Limited is a private company limited by shares incorporated in England in the United Kingdom under the Companies Act (2006). 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.

As explained in the going concern note below, the entity plans to cease trading and transfer its trade, assets and liabilities to a fellow subsidiary within the next 12 months. As required by IAS 1 Presentation of Financial Statements, management has prepared the financial statements on the basis that the entity is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis. All assets and liabilities will be transferred to the fellow subsidiary at their carrying amounts.

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 financial statements 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 financial statements of Kao Germany GmbH. The group financial statements of Kao Germany GmbH are available to the public and can be obtained as set out in note 13.

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 director's report above. The Company met its day to day working capital requirements through the profitable trading activities.

The Director has considered the latest guidance on going concern. Due to the plan to wind up the company in the next 12 months, the Director has not adopted the going concern basis in preparing the financial statements. As noted in the basis of preparation, there were no material adjustments arising from this.

KMS HAIRCARE LIMITED

Notes to the financial statements

For the year ended 31 December 2016

Accounting policies (continued)

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

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

	2016	2015
	£	£
Interest payable and similar charges	72	34
Interest receivable and similar income	(24,030)	(26,324)
	<u>(23,958)</u>	<u>(26,290)</u>

Interest receivable and similar income

	2016	2015
	£	£
Interest receivable:		
Bank deposits	17	39
Interest receivable from group undertakings	24,013	26,324
	<u>24,030</u>	<u>26,363</u>

Interest payable and similar charges

	2016	2015
	£	£
Bank charges	72	34
	<u>72</u>	<u>34</u>

KMS HAIRCARE LIMITED

Notes to the financial statements

For the year ended 31 December 2016

4. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £4,000 (2015: £4,000).

There were no fees payable to Deloitte LLP and their associates for non-audit services to the Company (2015: £3,000).

5. Management charge

The Company has no employees and no direct employee costs or Director's emoluments were incurred by the Company. E Brockhus is 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 financial statements. A management charge of £4,000 (2015: £4,000) relates to the costs recharged for the services of one person from Kao (UK) Limited, another group company

6. Tax on profit on ordinary activities

The tax charge comprises:

	2016 £	2015 £
Current tax		
UK corporation tax	3,192	3,104
Provision for trade income tax from prior year	61	-
	<hr/>	<hr/>
Total current tax	3,253	3,104
	<hr/>	<hr/>
Total tax on profit on ordinary activities	<u>3,253</u>	<u>3,104</u>

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>15,958</u>	<u>15,329</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015: 20.25%)	3,192	3,104
Effects of:		
Adjustments to tax charge in respect of previous years	61	-
	<hr/>	<hr/>
Total tax charge for year	<u>3,253</u>	<u>3,104</u>

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

For the year ended 31 December 2016

7. Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Amounts owed by group undertakings	6,895,673	6,871,659
Other Debtors	800	2,100
	<u>6,896,473</u>	<u>6,873,759</u>

8. Creditors – amounts falling due within one year

	2016 £	2015 £
Corporation tax	3,192	3,103
Accruals and deferred income	4,000	4,000
	<u>7,192</u>	<u>7,103</u>

9. Called-up share capital

	2016 £	2015 £
Authorised		
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>
Allotted, called-up and fully-paid		
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

For the year ended 31 December 2016

10. Related party transactions

Directors' transactions

There are no transactions with directors.

11. 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 financial statements are available to the public from 14-10 Nihonbashi Kayabacho 1-Chome Chuo-ku, Tokyo 103-8210, Japan or from 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 financial statements may be obtained from Pfungstaedter Strasse 98, D-64297 Darmstadt, Germany.