

KMS Haircare Limited

Directors' report and financial statements

31 December 2014



KMS HAIRCARE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

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KMS HAIRCARE LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

Director	N Wood
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 2014. The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

Principal activities

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

Results, dividends and transfers to reserves

The financial results for the year to 31 December 2014 are set out in the profit and loss account on page 6.

During the year ended 31 December 2014, the Company achieved a profit for the financial year of £11,712 (2013: £13,694).

The Director does not recommend a dividend for the year ended 31 December 2014 (2013: £nil). Accordingly, the retained profit of £11,712 (2013: £13,694) has been transferred to reserves.

Director and his share interests

The Director who served throughout the year and to the date of this report was as follows:

N Wood

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's business activities, together with the factors likely to affect its future development, performance and position are set out in the principal risk and uncertainties 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.

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.

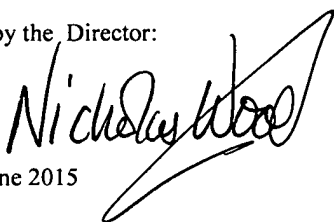
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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.

Approved by the Director:

N Wood
Director
Date 22 June 2015



KMS HAIRCARE LIMITED

DIRECTORS RESPONSIBILITIES STATEMENT

The Director is responsible for preparing the Annual Report and 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 Accounting Standards and applicable law). 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 him 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 2014 which comprise the Profit and Loss Account and the Balance Sheet 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).

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 the 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 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 (APB'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 2014 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

KMS HAIRCARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KMS HAIRCARE LIMITED (CONTINUED)

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, 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 Director's 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 to take advantage of the small companies exemption from preparing a Strategic report or in preparing the Director's report.



Julian Rae (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

29 June 2015

KMS HAIRCARE LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2014

	Note	2014 £	2013 £
Administrative expenses		(11,500)	(8,150)
Operating loss	2	(11,500)	(8,150)
Interest receivable and similar income	4	26,504	26,097
Interest payable and similar charges	5	(85)	(60)
Profit on ordinary activities before taxation		14,919	17,887
Tax charge on profit on ordinary activities	6	(3,207)	(4,193)
Profit for the financial year	11	11,712	13,694

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses for both current and preceding year other than those passing through the profit and loss account above. Accordingly a statement of total recognised gains and losses has not been prepared.

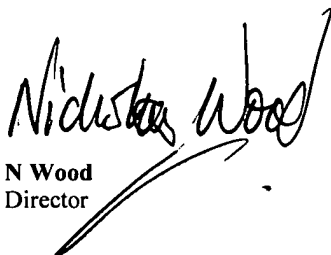
KMS HAIRCARE LIMITED

BALANCE SHEET As at 31 December 2014

	Note	2014 £	2013 £
CURRENT ASSETS			
Debtors due within one year	7	6,853,938	6,828,296
Cash at bank and in hand		79,799	91,188
		<u>6,933,737</u>	<u>6,919,484</u>
CREDITORS: amounts falling due within one year	8	<u>(10,707)</u>	<u>(8,166)</u>
NET CURRENT ASSETS, BEING NET ASSETS		<u>6,923,030</u>	<u>6,911,318</u>
CAPITAL AND RESERVES			
Called up share capital	9	422	422
Share premium account	11	1,298	1,298
Profit and loss account	11	<u>6,921,310</u>	<u>6,909,598</u>
SHAREHOLDERS' FUNDS	12	<u>6,923,030</u>	<u>6,911,318</u>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements of KMS Haircare Limited, registered number 00947667, were approved and issued by the director on 22 June 2015.


N Wood
Director

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. ACCOUNTING POLICIES

The following principal accounting policies have been used by the Company in the preparation of these financial statements and have been applied consistently in the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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 principal risk and uncertainties 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.

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

Cash flow statement

The Company is exempt from the requirements of Financial Reporting Standard No.1 (Revised) to include a cash flow statement as part of its financial statements because the consolidated accounts of the ultimate parent company in which the subsidiary is included are available to the public.

Taxation

Current tax, including UK Corporation 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.

2. OPERATING LOSS

	2014 £	2013 £
Operating loss is stated after charging:		
Auditor's remuneration:		
-Fees payable to the Company's auditor for the audit of the annual accounts	4,000	4,000
-Tax services	3,500	-
	<u>4,000</u>	<u>4,000</u>

3. STAFF COSTS: EMPLOYEES AND DIRECTOR

	2014 £	2013 £
Staff costs		
Salaries and wages	4,000	4,000
	<u>4,000</u>	<u>4,000</u>

The Company has no employees and no direct employee costs or director's emoluments were incurred by the Company. N Wood is paid by KPSS (UK) Limited another group company, however it is not practical to split out the costs of his services for the purpose of these accounts. The above salaries and wages expense 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 For the year ended 31 December 2014

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £	2013 £
Bank interest	46	358
Interest on loans to group undertakings	26,458	25,739
	<u>26,504</u>	<u>26,097</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £	2013 £
Bank charges	<u>85</u>	<u>60</u>

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(a) Tax on profit on ordinary activities

	2014 £	2013 £
UK corporation tax payable based on the results for the year	<u>3,207</u>	<u>4,193</u>

(b) Factors affecting current tax charge

The tax assessed for the year differs from that resulting from applying the blended rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>14,919</u>	<u>17,887</u>
Tax at 21.5 % (2013: 23.25%) thereon:	3,207	4,158
Effects of:		
Expenses not deductible for tax purposes	<u>-</u>	<u>35</u>
Total current tax (note 6(a))	<u>3,207</u>	<u>4,193</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

The standard rate of tax for the year is a blended rate of 21.5%, based on the blended UK standard rate of corporation tax for 2014 (2013: 23.25%).

The Finance Act 2014, which provides for a reduction in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 17 July 2014.

7. DEBTORS

	2014 £	2013 £
Amounts falling due within one year:		
Amounts owed by group undertakings	6,853,138	6,826,739
Other debtors	800	1,557
	<u>6,853,938</u>	<u>6,828,296</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Current corporation tax	3,207	4,166
Accruals and deferred income	7,500	4,000
	<u>10,707</u>	<u>8,166</u>

9. CALLED UP SHARE CAPITAL

	2014 £	2013 £
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. RELATED PARTY TRANSACTIONS

Since 1 March 2002, the Company has been a wholly owned subsidiary with its voting control held by its immediate parent undertaking, Kao Germany GmbH. The ultimate controlling party is Kao Corporation, the Company's ultimate parent undertaking incorporated in Japan. The Company has taken advantage of the exemption under Financial Reporting Standard 8 and has not disclosed details of transactions with other Kao group companies since 1 March 2002.

11. STATEMENT OF MOVEMENTS ON RESERVES

	Share premium account £	Profit and loss account £
Balance 1 January 2014	1,298	6,909,598
Retained profit for the financial year	-	11,712
	<hr/>	<hr/>
Balance at 31 December 2014	1,298	6,921,310
	<hr/>	<hr/>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	6,911,318	6,897,624
Retained profit for the financial year	11,712	13,694
	<hr/>	<hr/>
Closing shareholders' funds	6,923,030	6,911,318
	<hr/>	<hr/>

13. ULTIMATE PARENT UNDERTAKING AND IMMEDIATE PARENT UNDERTAKING

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.

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.