

**KMS HAIRCARE LIMITED**

**Annual Report and Financial Statements**

**Year ended 31 December 2018**

Registered number: 00947667



## **KMS HAIRCARE LIMITED**

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# **KMS HAIRCARE LIMITED**

## **Officers and Professional Advisors**

<b>Director</b>	E Brockhus (Resigned on 19 February 2019) E Barham (Appointed 19 February 2019)
<b>Company Secretary</b>	C Renwick (Resigned on 19 February 2019) E Barham (Appointed 19 February 2019)
<b>Registered Office</b>	130 Shaftesbury Avenue London W1D 5EU
<b>Statutory Auditor</b>	Deloitte LLP Statutory Auditor Cambridge, United Kingdom
<b>Bankers</b>	Barclays Bank PLC London Corporate Banking 50 Pall Mall London SW1A 1QA

# KMS HAIRCARE LIMITED

## Director's Report

The Director presents the Annual Report and the audited financial statements for the year ended 31 December 2018.

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's Report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

### Principal activities

The company did not perform any business activity during the year and it will remain without activities until its liquidation process is undertaken.

### Results, dividends and transfers to reserves

The financial results for the year 2018 are set out in the profit and loss account on page 8.

During the year ended 31 December 2018, the Company achieved a profit for the financial year of £1,681 (2017: a loss of (£1,167)). Accordingly, the retained profit has been transferred to reserves.

There were no dividends declared or paid during the year (2017: £6,945,000).

### Director and his share interests

The Director who served during the year and up to the date of signing are as follows:

E Brockhus (Resigned on 19 February 2019)

E Barham (Appointed 19 February 2019)

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

Due to the plan to wind up the company in the next 12 months and transfer its trade, assets and liabilities to a fellow subsidiary within 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 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 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 Barham (Appointed 19 February 2019)

Date 9/12/19

# **KMS HAIRCARE LIMITED**

## **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 Accounting 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 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**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of KMS Haircare Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the Related Notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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 auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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.

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

We draw attention to note 1 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

# **KMS HAIRCARE LIMITED**

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

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 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 company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's 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 financial statements.

A further description of our responsibilities for the audit for the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on other legal and regulatory requirements**

#### **Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' 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 directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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 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 take advantage of the small companies exemption in preparing the director's report or from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### **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 auditor's report and for no other purpose. To the fullest extent permitted

# **KMS HAIRCARE LIMITED**

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

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.

*Paul Adkins*

Paul Adkins (Senior statutory auditor)

for and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date: 10 December 2019



## KMS HAIRCARE LIMITED

### Profit and loss account

For the year ended 31 December 2018

	Note	2018 £	2017 £
Administrative expenses	4, 5	2,103	(6,811)
<b>Operating Profit /(Loss)</b>		<u>2,103</u>	<u>(6,811)</u>
Interest receivable and similar income	3	5	5,366
Interest payable and similar expense	3	(33)	-
<b>Profit/(Loss) before taxation</b>		<u>2,075</u>	<u>(1,445)</u>
Tax charge on profit	6	(394)	278
<b>Profit/(Loss) for the financial year</b>		<u>1,681</u>	<u>(1,167)</u>

# KMS HAIRCARE LIMITED

## Balance sheet

As at 31 December 2018

	Note	2018 £	2017 £
<b>Current assets</b>			
Debtors due within one year	7		31
Cash at bank and in hand		3,312	4,206
		<u>3,312</u>	<u>4,237</u>
<b>Creditors: Amounts falling due within one year</b>	8	(394)	(3,000)
<b>Net current assets</b>		<u>2,918</u>	<u>1,237</u>
<b>Capital and reserves</b>			
Called-up share capital	9	422	422
Capital redemption reserve		1,298	1,298
Profit and loss account		1,198	(483)
<b>Shareholders' funds</b>		<u>2,918</u>	<u>1,237</u>

These financial statements of KMS Haircare Limited registered number 00947667 were approved by the Director and authorised for issue by the Board of Directors on 6 December 2019.

Signed on behalf of the Board of Directors



E Barham

Director

# KMS HAIRCARE LIMITED

## Statement of changes in equity For the year ended 31 December 2018

	Note	Called up share capital (Note 9) £	Share premium Account £	Profit and loss account £	Total £
Balance at 1 January 2017		422	1,298	6,946,240	6,947,960
Loss for the year		-	-	(1,167)	(1,167)
CIT adjustment for previous years		-	-	(556)	(556)
Dividend	10	-	-	(6,945,000)	(6,945,000)
Balance at 31 December 2017		422	1,298	(483)	1,237
Profit for the year		-	-	1,681	1,681
Balance at 31 December 2018		422	1,298	1,198	2,918

# KMS HAIRCARE LIMITED

## Notes to the financial statements For the year ended 31 December 2018

### 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 the United Kingdom and is registered in England and Wales 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 page 3.

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 12 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, paragraphs 91 to 99 of IFRS 13 'fair value measurement', key management compensation and standards not yet effective. 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 12.

#### Going concern

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 financial statements have been prepared on a basis other than that of a going concern. 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. There were no material adjustments arising from this.

# KMS HAIRCARE LIMITED

## Notes to the financial statements

For the year ended 31 December 2018

### 1. 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 director does not consider that there are any critical accounting judgements or key sources of estimation uncertainty.

# KMS HAIRCARE LIMITED

## Notes to the financial statements For the year ended 31 December 2018

### 3. Finance charges

	2018	2017
	£	£
Interest receivable and similar income	5	5,366
Interest payable and similar expense	(33)	-
	<u>(28)</u>	<u>5,366</u>

#### Interest receivable and similar income

	2018	2017
	£	£
Bank deposits	5	1
Interest receivable from group undertakings	-	5,365
	<u>5</u>	<u>5,366</u>

#### Interest payable and similar expense

	2018	2017
	£	£
Bank charges	(33)	-
	<u>(33)</u>	<u>-</u>

### 4. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the Company's annual financial statements were £nil (2017: £2,000). The £5,300 cost of the annual audit was borne by the Company's parent company without any right of reimbursement.

There were no fees payable to Deloitte LLP and their associates for non-audit services to the Company (2017: £nil).

### 5. Management charge

The company has no employees and no direct employee costs or Directors's emoluments were incurred by the Company.

No management charge was received during 2018. In 2017 a charge of £2,000 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

For the year ended 31 December 2018

### 6. Tax on profit

The tax charge comprises:

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax	394	(278)
<b>Total current tax</b>	394	(278)
<b>Total tax on profit / (loss)</b>	394	(278)

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

	2018 £	2017 £
<b>Profit / (loss) before tax</b>	2,075	(1,445)
<b>Tax on profit at standard UK corporation tax rate of 19% (2017:19.25%)</b>	394	(278)
<b>Effects of:</b>		
Adjustments to tax charge in respect of previous years		
<b>Total tax charge / (credit) for year</b>	394	(278)

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 17% 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).

# KMS HAIRCARE LIMITED

## Notes to the financial statements For the year ended 31 December 2018

### 7. Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Other debtors		31
		<u>31</u>

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

	2018 £	2017 £
Corporation tax	394	
Accruals and deferred income		3,000
	<u>394</u>	<u>3,000</u>

### 9. Called-up share capital

	2018 £	2017 £
<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 For the year ended 31 December 2018

### 10. Dividends on equity shares

Amounts recognised as distributions to equity holders in the period:

	2018 £	2017 £
Interim dividend for the year ended 31 December 2017 of 422 shares allotted to Kao Germany GmbH (£16,457.34)		6,945,000

The payment of this dividend did not have any tax consequences for the Company.

### 11. Related party transactions

#### Director's transactions

There are no transactions with the director.

### 12. 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](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 financial statements may be obtained from Pfungstaedter Strasse 98, D-64297 Darmstadt, Germany.