**Sally Salon Services Limited**
Annual report and financial statements
Registered number 1060763

30 September 2021

**Contents**

**Strategic report**

The Directors present their Strategic report for the year ended 30 September 2021.

**Section 172 Statement**

The Board continuously reviews which relationships support the generation and preservation of value in the Company. The Directors' have identified the following parties who have an interest in , or are impacted by the decisions taken by the Company: customers, suppliers, employees, shareholders , and tax authorities. All strategic decisions take into account these stakeholders', and the Directors' consider that they have acted in a way that is most likely to promote the success of the Company for the benefit of its members as a whole.

**Principal activities**

The principal activity of the company is the sale of hair and beauty supplies and equipment to retail and wholesale customers

**Business review**

The directors are satisfied with the results for the year which are set out on page 9.
During the year to 30 September 2021 the company has experienced a 4.1% decrease (2020: 9.8% decrease) in turnover to 131,340k, due largely to the impact of Covid-19 pandemic, which required the stores thoughout the UK to close temporarily to limit the spread of the disease. The most Covid-19 impacted months were November 2020 and January until March 2021 and during that time, 246 UK stores were closed for a total of 23,061 days (2020: 18,794 days), which averaged 94 days (2020: 74 days) per store. Retail and professional sales were down 33% and 11% respectively against last year and most of the franchisees were terminated. On the upside, E-commerce sales increased on last year by 19%, and the Salon Success business contributed sales for a full year compared to last year when only 5 months were compared.

The overall gross margin had increased to 49.6% (2020: 45.2%). This is due to new product ranges and an upswing in the rebates allowed, together with a reduced provision required for shrinkage.

During the course of the year, 4 stores were closed, and 1 store relocated (2020: 4 closed and 2 relocations).

During the year the company reported an operating profit of £4,349k (2020: operating loss £6,367k ). The variance is mainly explained by (1) improved Gross Profit + £3.2m, (2) release of impairment provision, (3) reduced staff numbers and costs + £1.8m and (4) reduced rentals under operating leases + £1.0m, Details of this are set out in the profit and loss account on page 9.. The company was able to release an impairment provision from the previous year amounting to £849k following the annual assessment of its carrying value of store assets due to a return to normal profitable trading, refer to Note 3.

At year end, debtors had increased by £9,115k, with the amount due from Sally Beauty Holdings Finance BV showing an increase of £10,076k, which arose from surplus cash generated by the stores in the year. Creditors at year end showed a reduction of £7,152k, which was partly due to the waiver of the amount due to Salon Success Limited resulting from the liquidation of that company, and a reduction in the amount payable to H.M. Revenue and Customs in respect of VAT. The net book value for fixed assets showed a reduction of £3,927k, mainly due to the level of depreciation outweighing the cost of additions for the year. The combined effect of these changes resulted in an overall increase in the net assets of £12,200k at year end.

The directors' remain committed to growing the business and continuing to invest in both people and new products.

Competition remains from other hair and beauty suppliers. A key strength in the business remains the commitment to customer care and value for money.

The company has Non UK branches trading in the Republic of Ireland.

**Strategy**

The company aims to achieve sustainable profitable growth in the future.
The company continues to add new product ranges to its portfolio, while carrying out a stores relocation and refurbishment program in the United Kingdom. The company also continues to expand and develop its internet based distribution channel.

**Customers**

A key strength of the business continues to be its customer focus. Customer retention and development form a cornerstone of the company's ethos, which helps to differentiate the company from some of its competitors.

**Principal risks and uncertainties**

The principal risks and uncertainties facing the company are those that affect the carrying value of its assets. These would principally include, the carrying value of the assets of the 244 stores throughout the UK.

**Strategic report** (continued)

The directors work closely with management to anticipate risks from economic or global factors. This year the global pandemic from Covid-19, required managing the continuity of the business during the times when the stores were locked down, by operating more on-line sales and a 'click and collect' service to customers .

Risks arising from business interruption are insured up to economically reasonable levels.
Risks that the group is prepared for include; competitors attempting to copy the concept, any shortage of suitable premises to continue the expansion and any slow down in the retail sector.
The Russian invasion of Ukraine has not had any direct material impact on the Company's trading activity. However, an indirect economic effect is being felt through the rising cost of living and the challenges having to address.

The company is exposed to foreign exchange risk through the purchases made from overseas suppliers.

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The business has seen an impact on revenues and profits due to COVID19 and due to the way the entity is financed, there is a £17.5 million (2020: £22.3 million) intercompany payable on demand to various Sally Beauty Holdings Inc. group affiliates.

COVID19 has significantly affected the underlying trade of Sally Salon Services Limited and has a financial impact on the Group's results in that period. The directors have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and excluding the demand intercompany payables referred to above, the company will have sufficient funds, through its operations and in downside cases funding from its ultimate company, Sally Beauty Holdings Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Sally Beauty Holdings Inc. providing additional financial support during that period, in the event that affiliated group companies were to seek repayment of the amounts currently due to the group, which at 30 September 2021 amounted to £17,569,000. The Company has received a letter of support from Sally Beauty Holdings Inc. which has indicated its intention to continue to make available such funds as are needed by the company for the period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on another group entity for financial support, the directors acknowledge there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Key Performance Indicators**

The directors monitor the following key performance indicators (KPI's) of the company on a regular basis:

| | **2021** | 2020 |
|---|---|---|
| Gross profit percentage | **50%** | 45% |
| Operating profit/(loss) percentage | **3.3%** | (4.9)% |
| Profit /(loss)after tax | **6.2%** | (2.1)% |

The KPI's show an improving trend in the year on the operations of the business. The improvement in operating profit is explained more fully in the strategic review.

By order of the board
**H Van Ocken**
Director

Registered Office
Inspired, Ground Floor
Easthampstead Road
Bracknell, Berkshire
England, RG12 1YQ

Registered number: 1060763

30 June 2022

**Directors' report**

The Directors present their Directors report and financial statements for year ended 30 September 2021.

**Directors and directors' interests**
The directors who held office during the year and to the date of these financial statements were as follows:
O Badezet
H Van Ocken
W Scarr

**Proposed dividend**
A dividend of £6,154,635 was paid during the year (2020: £3,547,697).

**Donations**
The company has made no political donations in the year (2020: £nil).

**Employees**
The company recognises the contributions made by all employees to the achievement of good performance and the improvements made in operating efficiencies during the year. The directors believe that continued efforts to improve communication and training within the organisation are vital to the future financial health of the business.

Employees are advised on a regular basis about the company's activities, achievements, challenges and future goals. Employees are encouraged to submit questions and ideas on issues that are likely to affect their personal interests.

The company is an equal opportunities employer, and complies fully with all legislation concerning health and safety. Full consideration is given to all applications of disabled persons and selection is based upon their ability and aptitude. The opportunities for disabled persons are in no way different to those of other employees.

**Streamline Energy and Carbon Reporting (SECR)**
The total UK energy for the year was 10,584.6 MWh ( 2020: 15,370.9 MWh). The following statement details the energy useage and emissions as required under the SECR framework provisions.

| Fuel | Scope | Energy | | Emissions | |
|---|---|---|---|---|---|
| | | kWh | | $CO_2e$(tonnes) | |
| | | units | % of total | units | % of total |
| Electricity | 2 | 6,375,711 | 60% | 1,354 | 63% |
| Gas | 1 | 3,912,379 | 37% | 717 | 34% |
| Transport | 1 | 296,493 | 3% | 70 | 3% |
| Total | All | 10,584,583 | | 2,141 | |
| | Scope 1 | 4,208,872 | | 787 | |
| | Scope 2 | 6,375,711 | | 1,354 | |

Scope 1 — Gas comprises fuel used for space and water heating derived from supplier invoices. Transport comprises fuel used in the company's van fleet, company cars and grey fleet derived from litres drawn at pump and business mileage records.

Scope 2 — Electricity comprises power used for heating and lighting derived from supplier invoices.

**Directors' report ( continued)**

**Streamline Energy and Carbon Reporting (SECR) ( continued)**

During the year, the company undertook a number of energy audits and completed Phase 2 of the Energy Savings Opportunities Scheme. We are now working towards Phase 3 compliance.

Energy audits have highlighted that a switch to LED lighting within stores can reduce energy usage and this is considered on a case by case basis and is widely adopted for new stores, refits and where existing fittings become obsolete.

The average energy intensity for stores was 128.8 kWh/m2 of gross floor area. The figure for 2020 was 183.7 kWh/m2.

The changes compared to 2020 is mainly due to temporary closure of stores as a result of Sars /Covid-19.

**Financial Instruments**
The Company uses financial instruments comprising borrowings, cash and liquid resources, and trade receivables and trade payables that arise directly from its operations. The main risks arising from the company's financial instruments are foreign currency risks.

**Risk Management**
The principal risks and uncertainties facing the company are those that affect the carrying value of its assets. These would principally include, the carrying value of the assets of the 244 stores throughout the UK.

The directors work closely with management to anticipate risks from economic or global factors. This year the global pandemic from Covid-19, required managing the continuity of the business during the times when the stores were locked down, by operating more on-line sales and a 'click and collect' service to customers .

Risks arising from business interruption are insured up to economically reasonable levels.

Risks that the group is prepared for include; competitors attempting to copy the concept, any shortage of suitable premises to continue the expansion and any slow down in the retail sector.

The Russian invasion of Ukraine has not had any direct material impact on the Company's trading activity. However, an indirect economic effect is being felt through the rising cost of living and the challenges having to address.

The company is exposed to foreign exchange risk through the purchases made from overseas suppliers.

**Disclosure of information to auditor**
The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each 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.

**Auditor**
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

**H Van Ocken**
Director

Registered Office
Inspired, Ground Floor
Easthampstead Road
Bracknell, Berkshire
England, RG12 1YQ
Registered number: 1060763

30 June 2022

**Statement of directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report and the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matter relating to going concern; and
- use the going concern basis of accounting unless they have either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Independent auditor's report to the members of Sally Salon Services Limited**

**Opinion on financial statements**

We have audited the financial statements of Sally Salon Services Limited ("the company") for the year ended 30 September 2021 which comprise the Profit and Loss account, Balance Sheet, Statement of changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year ended:
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland: and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;

we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

• Enquiring of directors, other management and internal audit as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
• Reading Board minutes.
• Considering remuneration incentive schemes and performance targets for management, directors and sales staff.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

**Independent auditor's report to the members of Sally Salon Services Limited (continued)**

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the business transacts primarily with customers in a retail setting for cash or via credit or debit cards, the revenue recognition process is non-complex and does not contain significant estimation uncertainty or judgement.

We also identified a fraud risk related to vendor rebates and allowances in response to possible pressures to meet targets.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We also performed procedures including:
• Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts and those posted outside the usual close period.

• Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, environmental law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Independent auditor's report to the members of Sally Salon Services Limited (continued)**

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in those reports;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion, those reports have been prepared in accordance with the Companies Act2006.

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

Under the Companies Act 2006 we are required 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 directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

We have nothing to report in these respects.

**Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

**The purpose of our audit work and to whom we owe our responsibilities**

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.

Alexander Chong

**Alexander Chong (Senior Statutory Auditor)**
**for and on behalf of KPMG LLP, Statutory Auditor**
Chartered Accountants

66 Queens Square
Bristol
BS1 4BE
United Kingdom

30 June 2022

**Profit and Loss Account and Other Comprehensive Income**
**for the year ended 30 September 2021**

| | Note | 2021 £'000 | Restated 2020 £'000 |
|---|---|---|---|
| Turnover | 2 | **131,340** | 136,959 |
| Cost of sales | | **(66,232)** | (75,059) |
| **Gross profit** | | **65,108** | 61,900 |
| Distribution costs | | **(47,288)** | (50,596) |
| Administration expenses | | **(13,471)** | (18,062) |
| **Operating profit/(loss)** | 3 - 5 | **4,349** | (6,758) |
| Other Income | 5 | **5,200** | 3,904 |
| Interest receivable | 6 | **63** | - |
| Interest payable and similar expense | 6 | **(21)** | (106) |
| **Profit/(loss) before taxation** | | **9,591** | (2,960) |
| Tax on profit/(loss) | 7 | **(1,476)** | 147 |
| **Profit/(loss)after taxation** | | **8,115** | (2,813) |

All turnover and operating profit were derived from continuing operations.
The notes on pages 12 to 25 form part of these financial statements.
These financial statements were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

**H Van Ocken**
Director
Registered Company Number: 1060763

**Balance sheet**
**at 30 September 2021**

| | Notes | 2021 £'000 | 2021 £'000 | Restated 2020 £'000 | Restated 2020 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 8 | | 237 | | 346 |
| Tangible assets | 9 | | 14,218 | | 18,036 |
| Investments | 10 | | 1,450 | | 1,450 |
| | | | 15,905 | | 19,832 |
| **Current assets** | | | | | |
| Stocks | 11 | 37,460 | | 37,165 | |
| Debtors | 12 | 45,898 | | 37,252 | |
| Cash at bank and in hand | | 1,577 | | 2,432 | |
| | | 84,935 | | 76,849 | |
| **Creditors:** amounts falling due within one year | 13 | (45,427) | | (51,719) | |
| **Net current assets** | | | 39,508 | | 25,130 |
| **Total assets less current liabilities** | | | 55,413 | | 44,962 |
| **Provisions for liabilities and charges** | 14 | | (6,032) | | (6,748) |
| **Net assets** | | | 49,381 | | 38,214 |
| **Capital and reserves** | | | | | |
| Called up share capital | 15 | | 8,326 | | 8,326 |
| Retained Earnings | | | 29,613 | | 27,651 |
| Other reserves | | | 11,442 | | 2,237 |
| **Shareholders' funds** | | | 49,381 | | 38,214 |

The notes on pages 12 to 25 form part of these financial statements.
These financial statements were approved by the board of directors on 30 June 2022 and were signed on its behalf by:

H Van Oeken
Director
Registered Company Number: 1060763

**Statement of changes In Equity**
**for the year ended 30 September 2021**

| | Share Capital | Restated Retained Earnings | Other reserves | **Total Equity** |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | **£'000** |
| Balance at 1 October 2019 (restated) | 8,326 | 34,012 | 2,237 | 44,575 |
| Loss in year (restated) | - | (2,813) | - | (2,813) |
| Transactions with owners, recorded directly in equity | | | | |
| Dividend paid | - | (3,548) | - | (3,548) |
| Balance at 30 September 2020 ( restated ) | 8,326 | 27,651 | 2,237 | 38,214 |
| Balance at 1 October 2020 ( restated) | 8,326 | 27,651 | 2,237 | **38,214** |
| Merger accounting: liquidation of Salon Success Limited | - | - | 9,205 | **9,205** |
| Profit in year | - | 8,115 | - | **8,115** |
| Transactions with owners, recorded directly in equity | | | | |
| Dividend paid | - | (6,154) | - | **(6,154)** |
| Balance at 30 September 2021 | **8,326** | **29,613** | **11,442** | **49,381** |

Merger accounting: liquidation of Salon Success Limited
As a consequence of the winding up of Salon Success Ltd, the company recognised a reserves transaction totalling £9.2m relating to a group reorganisation.

The notes on pages 12 to 25 form part of these financial statements.

**Notes (forming part of the financial statements)**

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards on a going concern basis and under the historical cost convention.

These financial statements were prepared in accordance with Financial Reporting Standard 102, applicable in the UK and Republic of Ireland as issued in 2014. The functional and presentational currency of the financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The company is exempt under FRS102 paragraph 33.1a from disclosing related party transactions with any companies wholly owned with the group headed Sally Beauty Holdings, Inc.

The Company's ultimate parent undertaking, Sally Beauty Holdings, Inc, includes the Company in its consolidated financial statements. The consolidated financial statements of Sally Beauty Holdings, Inc are available to the public and may be obtained from the address in note 20. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

* Cash flow statement and related notes
* Key management personnel
* Reconciliation of the number of shares outstanding from beginning to end of the period;

As the consolidated financial statements of Sally Beauty Holdings, Inc include the disclosures equivalent to those required by FRS 102, the company has also taken the exemptions available in respect of the following disclosure;

* Certain disclosures required by FRS 102.26 *Share Based Payments*; FRS 102.11 *Basic Financial instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The business has seen an impact on revenues and profits due to COVID19 and due to the way the entity is financed, there is a £17.5 million (2020: £22.3 million) intercompany payable on demand to various Sally Beauty Holdings Inc. group affiliates.

COVID19 has significantly affected the underlying trade of Sally Salon Services Limited and has a financial impact on the Group's results in that period. The directors have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, and excluding the demand intercompany payables referred to above, the company will have sufficient funds, through its operations and in downside cases funding from its ultimate company, Sally Beauty Holdings Inc., to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Sally Beauty Holdings Inc. providing additional financial support during that period, in the event that affiliated group companies were to seek repayment of the amounts currently due to the group, which at 30 September 2021 amounted to £17,569,000. The Company has received a letter of support from Sally Beauty Holdings Inc. which has indicated its intention to continue to make available such funds as are needed by the company for the period of at least 12 months from the date of approval of these financial statements. As with any company placing reliance on another group entity for financial support, the directors acknowledge there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

**Fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is provided to write off the cost less residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

| | |
|---|---|
| Computer equipment | 3 to 5 years |
| Fixtures and fittings | 5 years |
| Leasehold improvements | 10 years |

**Accounting policies (continued)**
**Intangible assets - Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**Leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease. During the year the Company received rent relief from landlords of certain stores which had to be closed during the Covid-19 pandemic. The amount of the rent relief during the year was £244,230 (2020 ; £362,659 ) which had been credited to the profit and loss account.

**Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that the outflow of economic benefits will be required to settle the obligation. The amount of the provisions recognised is the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

**Pension costs**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. The Company values its goods on a "weighted average" basis.

Obsolescence reserves are observed for goods that are due to have a low rotation.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Notes** (continued)

**Turnover**

Turnover, which excludes value added tax and trade discounts, represents the net invoiced value of goods and services supplied. All sales are in relation to the sole activity of providing hairdressing supplies, training and equipment and are recognised at the point of receipt by the customer.

**Fixed asset investments**

Investments in associated undertakings are stated at cost less amounts written off for any permanent diminution in value of the investments. An annual impairment review is performed. The value of investments are adjusted accordingly.

**Share based payments**

The share option programme allows employees to acquire shares of the ultimate parent company. The fair value of options granted is recognised as an employee expense with a corresponding increase in liabilities. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Each option granted has an exercise price which equals 100% of the market price of the ultimate parent company's stock on the date of grant and generally has a maximum term of 10 years. Options vest rateably over a three or four year period and are subject to forfeiture until the three or four year vesting period is complete.

**Financial instruments**

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

**Key accounting estimates and Judgements**

The key areas relating to accounting estimates and key Judgements are mainly:

*(i) Stock provisioning*

The Company sells hair and beauty products and is subject to changing consumer demands and fashion trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required.When calculationg the stock obsolecense provision, management considers the nature and condition of the stock, as well as applying the assumptions arround the anticipated saleability. The stock figure in Note 11 is shown after a provision for obsolecence has been made.

*(ii) Dilapidations provision*

The Company makes an estimate for the costs to dismantle and make good changes to lease-hold property. This estimate is discounted and capitalised on lease inception within leasehold improvements. The asset is depreciated across the lease term and the provision is unwound annually using the discount rate adopted.

The directors have based the cost estimates on actual experience across the property portfolio, however they note that the calculation includes significant levels of estimation uncertainty due to the inherent uncertainty in approximating landlord behaviour and condition of the property several years from lease expiry. The Company derives a more specific estimate for properties twelve months away from lease expiry through consultation with surveyors and discussions with landlords as relevant.

**Prior year adjustment**

The directors had previously assessed properties as liable for dilapidation provision once they were in the final year of their lease term and therefore the provision at 30 September 2020 (and previous year-ends) reflected provision for a number of properties within the twelve month expiry window. The directors recognise that this is not in line with FRS 102, which requires provision once the Company has an obligation and can reliably measure the amount across the wider property portfolio. The directors have considered the impact across the property portfolio and have revised the provision accordingly.

The provision is discounted using a risk-free rate applicable to the liability. The discounted cost of remediation at inception is captialised within leasehold improvements and depreciated over the lease term. The impact of the adjustments is identified in Note 21.

## 2 Analysis of turnover

| By activity | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Hairdressing and beauty supplies and equipment | 131,340 | 136,959 |

| By geographical market | 2020 £'000 | 2020 £'000 |
|---|---|---|
| United Kingdom | 127,523 | 133,047 |
| Republic of Ireland | 3,439 | 3,458 |
| Europe | 378 | 453 |
| | 131,340 | 136,959 |

## 3 Expenses and auditor's remuneration

| | 2021 | Restated 2020 |
|---|---|---|
| | £'000 | £'000 |
| Profit before taxation is stated after charging: | | |
| Depreciation and other amounts written off tangible fixed assets | 6,022 | 5,648 |
| (Reversal of impairment)/ impairment of tangible fixed assets | (849) | 1,451 |
| Amortisation of intangible assets | 109 | 46 |
| Rentals payable under operating leases: | | |
| Plant & machinery | 49 | 35 |
| Property | 7,572 | 8,595 |
| Loss on foreign exchange | 253 | 267 |

The lease payments are net of confirmed Covid support received from Government for £1.1m.

**Auditor's remuneration**

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| **Amounts receivable by the auditor and their associates in respect of:** | | |
| Audit of these financial statements | 337 | 285 |

## 4 Remuneration of directors

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Directors' emoluments | 338 | 273 |
| Private medical insurance | 2 | 2 |
| Social security costs | 42 | 34 |
| | 382 | 309 |

The total amount payable to the highest paid director in respect of emoluments was £ 314,000 (2020: £255,000) with £ Nil pension contributions (2020: £NIL).
The remuneration of two directors was bourne by Pro Duo ( another group company).
The directors received no benefits with regard to money purchase schemes.

## 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

| | Number of employees | |
|---|---|---|
| | 2021 | 2020 |
| Selling and distribution | 1,395 | 1,518 |
| Administration | 239 | 190 |
| | 1,634 | 1,708 |

| | 2021 | 2020 |
|---|---|---|
| The aggregate payroll costs of these persons were as follows: | £'000 | £'000 |
| Wages and salaries | 27,359 | 28,800 |
| Social security costs | 2,280 | 2,295 |
| Share based payment | 101 | 28 |
| Other pension costs (see note 18) | 1,049 | 1,454 |
| | 30,789 | 32,577 |

During the year the Company received Government support for payroll costs amounting to £5,200,000 (2020: 3,905,000), included in the profit and loss account as other income. The amounts stated above exclude furlough Government support.

**Notes** (continued)

**6 Interest payable and interest receivable and similar income**

| | 2021 £'000 | Restated 2020 £'000 |
|---|---|---|
| Receivable from group undertakings | **63** | - |
| Interest payable on group undertakings | **(1)** | (86) |
| Discount unwinding | **(20)** | (20) |

**7 Taxation**

Analysis of charge/(credit) in year

| | 2021 £'000 | 2021 £'000 | 2020 £'000 | 2020 £'000 |
|---|---|---|---|---|
| UK Corporation tax | | | | |
| Corporation tax payable | **2,103** | | 41 | |
| Adjustments in respect of prior years | **(40)** | | (7) | |
| Total current tax | | **2,063** | | 34 |
| Deferred tax (see note 7) | | | | |
| Origination and reversal of timing differences | **(141)** | | (70) | |
| Adjustments in respect of prior periods | **2** | | 21 | |
| Effect of changes in tax rates | **(448)** | | (132) | |
| Total deferred tax | | **(587)** | | (181) |
| Tax on profit | | **1,476** | | (147) |

**Notes (continued)**

**7 Taxation (continued)**

**Factors affecting the tax charge for the current year**
The current tax charge for the year is lower (2020: lower) than the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:

| | 2021 £'000 | Restated 2020 £'000 |
|---|---|---|
| Current tax reconciliation | | |
| Profit before tax | **9,591** | (2,960) |
| Current tax at 19% (2020: 19%) | **1,822** | (562) |
| Effects of: | | |
| Income not taxable | **(161)** | - |
| Expenses not deductible for tax purposes | **350** | 626 |
| Adjustments with respect to prior years | **(38)** | 15 |
| Impact of share options | **20** | 20 |
| Tax rate changes | **(448)** | (132) |
| Effects of group relief | **(70)** | (114) |
| Total tax charge (see above) | **1,476** | (147) |

Factors that may affect future current and total tax charges

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax asset at 30 September 2021 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2020: 19%)

| | Deferred taxation £'000 |
|---|---|
| At beginning of year | 1,283 |
| Credit to profit and loss account | 587 |
| **Deferred tax asset at end of year** | **1,870** |

The elements of deferred taxation are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Difference between accumulated depreciation and capital allowances | **1,404** | 1,048 |
| Other timing differences- trading | **388** | 161 |
| Other timing differences- non-trading | **78** | 74 |
| | **1,870** | 1,283 |
| Recoverable within 12 months (October 2020 to September 2021) | **84** | 176 |
| Recoverable after 12 months (After September 2021) | **1,786** | 1,107 |
| | **1,870** | 1,283 |

There exist no unrecognised Deferred Tax Assets

**Notes (continued)**

## 8 Intangible assets

| | Customer Database £'000 |
|---|---|
| **Cost** | |
| On acquisition | 392 |
| **Balance at 30 September 2021** | 392 |
| **Amortisation and impairment** | |
| **Balance at 1 October 2020** | 46 |
| Charged in year | 109 |
| **Balance at 30 September 2021** | 155 |
| **Net book value** | |
| **As at 30 September 2021** | 237 |
| As at 30 September 2020 | 346 |

On 1 May 2020 the Company acquired the customer base from Salon Success.

The Management is amortising this over a useful life of 5 years. As of 30 September 2021, the Management has not identified any impairment over this balance.

## 9 Tangible fixed assets

| | | Leasehold Improvements - dilapidations (Restated) £'000 | Fixtures and fittings £'000 | Computer equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At beginning of year | Restated | 5,660 | 41,465 | 16,062 | 63,187 |
| Additions | | - | 547 | 808 | 1,355 |
| Disposals | | - | (681) | (17) | (698) |
| At end of year | | 5,660 | 41,331 | 16,853 | 63,844 |
| **Depreciation** | | | | | |
| At beginning of year | Restated | 2,611 | 31,157 | 11,383 | 45,151 |
| Charged in year | | 376 | 3,254 | 2,392 | 6,022 |
| Reversal of impairment | | - | (849) | - | (849) |
| Eliminated on disposals | | - | (681) | (17) | (698) |
| At end of year | | 2,987 | 32,881 | 13,758 | 49,626 |
| **Net book value** | | | | | |
| At 30 September 2021 | | 2,673 | 8,450 | 3,095 | 14,218 |
| At 30 September 2020 | | 3,049 | 10,308 | 4,679 | 18,036 |

Note: Leasehold Improvement have been included under Fixtures and fittings

Notes (continued)

**10 Fixed asset investments**

| | Shares in group undertakings |
|---|---|
| | £'000 |
| **Cost** | |
| At the beginning and end of the year | 3,572 |
| **Provision** | |
| At the beginning and end of the year | 2,122 |
| **Net book value** | |
| **At 30 September 2021** | 1,450 |
| At 30 September 2020 | 1,450 |

Companies in which the company holds an interest:

| | Country of Incorporation | Principal activity | Class and % of share held |
|---|---|---|---|
| **Subsidiary undertakings** | | | |
| Sally Salon Services (Ireland) Ltd | Ireland | Retail of hairdressing supplies | Ordinary 25% |

**11 Stocks**

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Finished goods and goods for resale | 40,709 | 41,013 |
| Provision for obsolescence and shrinkage | (3,248) | (3,848) |
| | 37,460 | 37,165 |

The write down of stocks to net realisable value amounted to £3.2m (2020: £3.8m).
Finished goods recognised as cost of sales in the year amounted to £65,406,000 (2020: £75,794,000)

**12 Debtors**

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Trade debtors | 3,260 | 5,148 |
| Amounts owed by group undertakings: | | |
| Sally Beauty Holdings Finance BV | 32,046 | 21,970 |
| Ogee Limited | 1,482 | 1,641 |
| Pro Duo Belgium | 1,025 | 1,981 |
| Sally Salon Services ( Ireland ) Limited | 1,039 | 1,099 |
| Salon Services (Hair and Beauty Supplies) Limited | - | 10 |
| Pro Duo France | - | 4 |
| Pro Duo Netherlands | 3 | 1 |
| Sinelco | - | 4 |
| Total amounts owed by group undertakings: | 35,595 | 26,711 |
| Tax Receivable | - | 1,095 |
| Deferred tax asset | 1,870 | 1,283 |
| Other debtors | 3,355 | 1,583 |
| Prepayments and accrued income | 1,818 | 1,432 |
| | 45,898 | 37,252 |

Amounts owed by group undertakings are repayable on demand and do not accrue interest

**Notes** (continued)

**13 Creditors: amounts falling due within one year**

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| Trade creditors | 4,695 | 8,473 |
| Amounts owed to group undertakings: | | |
| Sally UK Holdings Limited | 8,094 | 8,614 |
| Salon Services (Hair and Beauty Supplies) Limited | 8,307 | 8,307 |
| Salon Success Limited | - | 4,622 |
| Sally Salon Services ( Ireland ) Limited | - | 234 |
| Pro Duo Belgium | - | 450 |
| Pro Duo Spain | 4 | 5 |
| Sinelco | 940 | 199 |
| Ogee Limited | - | 10 |
| Sally Beauty International Inc. | 9 | 9 |
| Sally US | 215 | 31 |
| Total amounts owed to group undertakings: | 17,569 | 22,480 |
| Income Taxes Payable | 860 | - |
| Other taxes and social security | 5,337 | 8,584 |
| Accruals and deferred income | 16,966 | 12,182 |
| | 45,427 | 51,719 |

Amounts owed to group undertakings consist of current accounts on normal purchase transactions £1,159k (2020: £5,550 k) and current loans from Group Companies. These are repayable on demand and do not accrue interest.

**14 Provisions for liabilities and charges**

| | | Onerous Lease | Dilapidation (restated) |
|---|---|---|---|
| | | £'000 | £'000 |
| At beginning of year | Restated | 772 | 5,976 |
| Utilised in the year | | (705) | (136) |
| Discount unwinding | | - | 20 |
| Additions | | 53 | 52 |
| | | 120 | 5,912 |

A dilapidation provision is made for estimated building restoration on inception of the lease once the dilapidation exists. The company provides in full the estimated amount. Please see note 9 for more details
The onerous lease provision pertains to leasehold property. In this case an estimate is made of the excess of the unavoidable costs of meeting the obligation under the lease and the economic benefits expected to be received under it.

**Key source of estimation uncertainty – dilapidations provisions**
The dilapidation provision is calculated using the following key assumptions:
- Discount rate: 2% (2020: 2%)
- Dilapidations cost per square foot: £5-10 (2020: £5-10)
The directors have based the cost estimates on actual experience across the property portfolio, however they note that the calculation includes significant levels of estimation uncertainty due to the inherent uncertainty in approximating landlord behaviour and condition of the property several years from lease expiry. The Company derives a more specific estimate for properties twelve months away from lease expiry through consultation with surveyors and discussions with landlords as relevant.

**15 Called up share capital**

| | 2021 | 2020 |
|---|---|---|
| | £'000 | £'000 |
| 8,126,375 Ordinary shares of £1 each | 8,126 | 8,126 |
| 200,000 deferred Ordinary shares of £1 each | 200 | 200 |
| | 8,326 | 8,326 |

The deferred shares have a right to receive a tenth of any dividend paid on the ordinary shares of the company which is in excess of a dividend rate of 25%.
Upon winding up, the deferred shareholders can receive one-tenth of the amount payable to the ordinary shareholders up to an amount of £0.01 per share.
Deferred shareholders have no right to receive notice, attend or vote at general meetings of the company.

**Notes** (continued)

**16 Commitments**

Total commitments under non-cancellable operating leases are as follows:

| | 2021 Land and buildings £'000 | 2021 Other £'000 | 2020 Land and Buildings £'000 | 2020 Other £'000 |
|---|---|---|---|---|
| **Non-cancellable operating lease rentals payable:** | | | | |
| Less than one year | **7,302** | **321** | 7,542 | 319 |
| Between one and five years | **16,903** | **368** | 16,472 | 477 |
| More than five years | **1,835** | **-** | 3,430 | - |
| | **26,040** | **689** | 27,445 | 796 |

**17 Employee share schemes**

The Sally Group share option programme allows employees to acquire shares of Sally Beauty Holdings Inc., the ultimate parent company. The company measures the cost of employees services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognises compensation expense on a straight line basis over the vesting period.

The terms and conditions of the grants are as follows:

| Grant Date | Expiry Date | Number of Shares | Option Price | Vesting Conditions |
|---|---|---|---|---|
| 26/10/2011 | 26/10/2021 | 15,324 | $19.21 | 4 Years |
| 29/10/2012 | 29/10/2022 | 14,185 | $23.49 | 4 Years |
| 30/10/2013 | 30/10/2023 | 13,600 | $26.30 | 4 Years |
| 29/10/2014 | 29/10/2024 | 13,680 | $29.20 | 4 Years |
| 28/10/2015 | 28/10/2025 | 22,323 | $23.45 | 3 Years |
| 01/11/2016 | 01/11/2026 | 26,871 | $25.53 | 3 Years |
| 01/11/2017 | 01/11/2027 | 83,459 | $17.42 | 3 Years |
| 01/11/2018 | 01/11/2028 | 62,284 | $18.14 | 3 Years |
| 05/11/2019 | 05/11/2029 | 64,435 | $16.65 | 3 Years |
| 11/04/2020 | 11/04/2030 | 91,246 | $9.09 | 3 Years |
| | | 407,407 | | |

**18 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,049,000 (2020: £1,454,000).

At the year end, there were no outstanding or prepaid contributions (2020: £nil).

**19 Events after Balance Sheet Date**

There were no subsequent events affecting the outcome of the operations of the Company.

**20 Ultimate holding company and parent undertaking of larger group of which the company is a member**

The company is a wholly owned subsidiary of Sally UK Holdings Ltd, Inspired, Easthampstead Road, Bracknell, Berkshire, RG12 1YQ. The parent company is a wholly owned subsidiary of Sally Beauty Netherlands BV.

The largest and smallest group in which the company are consolidated is that headed by Sally Beauty Holdings, Inc, the ultimate parent company, incorporated in the State of Delaware, USA. The consolidated accounts of the group are available to the public and may be obtained from 3001 Colorado Boulevard, Denton, Texas 76210, USA.

**Notes** (continued)

**21 Prior year adjustment**

As noted in accounting policies in Note 1, the directors concluded that the dilapidations provision across the

In preparing this Annual Report, the Company has adjusted amounts reported previously in financial statements for the year ended 30 September 2020 as set out in the following tables:

*Reconciliation of equity – as at 1 October 2019*

| | Previously reported * | Restatement | Restated |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | - | - | - |
| Tangible assets | 20,489 | 3441 | **23,930** |
| Investments | 1,450 | - | **1,450** |
| **Total fixed assets** | **21,939** | **3,441** | **25,380** |
| **Current assets** | | | |
| Stocks | 44,363 | - | 44,363 |
| Debtors | 20,627 | - | 20,627 |
| Cash at bank and in hand | 3,337 | - | 3,337 |
| **Total current assets** | **68,327** | - | **68,327** |
| **Creditors:** amounts falling due within one year | **(42,091)** | - | **(42,091)** |
| **Net current assets** | **26,236** | - | **26,236** |
| **Provisions for liabilities and charges** | **(1,381)** | **(5,660)** | **(7,041)** |
| **Net assets** | **46,794** | **(2,219)** | **44,575** |
| **Capital and reserves** | | | |
| Called up share capital | 8,326 | - | **8,326** |
| Retained Earnings | 36,231 | (2,219) | **34,012** |
| Other reserves | 2,237 | - | **2,237** |
| **Shareholders' funds** | **46,794** | **(2,219)** | **44,575** |

** Including £1,000 rounding differences*

*Reconciliation of equity – as at 30 September 2020*

| | Previously reported * | Restatement | Restated |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 346 | - | **346** |
| Tangible assets | 14,987 | 3049 | **18,036** |
| Investments | 1,450 | - | **1,450** |
| **Total fixed assets** | **16,783** | **3,049** | **19,832** |
| **Current assets** | | | |
| Stocks | 37,165 | - | **37,165** |
| Debtors | 37,252 | - | **37,252** |
| Cash at bank and in hand | 2,432 | - | **2,432** |
| **Total current assets** | **76,849** | - | **76,849** |
| **Creditors:** amounts falling due within one year | **(51,719)** | - | **(51,719)** |
| **Net current assets** | **25,130** | - | **25,130** |
| **Provisions for liabilities and charges** | **(1,068)** | **(5,680)** | **(6,748)** |
| **Net assets** | **40,845** | **(2,631)** | **38,214** |
| **Capital and reserves** | | | |
| Called up share capital | 8,326 | - | **8,326** |
| Retained Earnings | 30,282 | (2,631) | **27,651** |
| Other reserves | 2,237 | - | **2,237** |
| **Shareholders' funds** | **40,845** | **(2,631)** | **38,214** |

* *Including £1,000 rounding differences*

*Reconciliation of profit for 30 September 2020*

| | Previously reported * | Restatement | Restated |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Turnover** | **136,959** | - | **136,959** |
| Cost of sales | (75,059) | - | **(75,059)** |
| **Gross profit** | **61,900** | - | **61,900** |
| Distribution costs | (50,596) | - | **(50,596)** |
| Administration expenses | (17,670) | (392) | **(18,062)** |
| **Operating loss** | **(6,366)** | **(392)** | **(6,758)** |
| | | | **0** |
| Other Income | 3904 | - | **3,904** |
| Interest payable and similar expense | (86) | (20) | **(106)** |
| **Loss before taxation** | **(2,548)** | **(412)** | **(2,960)** |
| Tax on loss | 147 | - | **147** |
| **Loss after taxation** | **(2,401)** | **(412)** | **(2,813)** |