

Mascolo Holdings Limited

Report and Financial Statements

Year Ended

31 August 2017

Company Number 07150176

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Mascolo Holdings Limited

Company Information

Director S M Mascolo-Tarbuck

Company secretary R W L Berrow

Registered number 07150176

Registered office Innovia House
Marish Wharf
St Mary's Road
Middlegreen
Slough
SL3 6DA

Independent auditor BDO LLP
55 Baker Street
London
W1U 7EU

Mascolo Holdings Limited

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Mascolo Holdings Limited

Strategic Report for the Year Ended 31 August 2017

Introduction

The directors present their strategic report for the year ended 31 August 2017.

Business review

The company is a holding company that holds an investment in an entity which operates hairdressing salons and academies in the United Kingdom and franchises the brand to hairdressing salons and academies in the United Kingdom, Europe and many other parts of the world.

The directors regularly review the financial performance and position of their investment. The company's investment performed at a loss during the financial year primarily due to bad debt provisions and increased provisions against investments. The directors expect its investment to return to profitability in the foreseeable future as management continues to work with poorly performing salons to turn around performance and continue to build upon the profitability of the rest of the franchised and in house salons.

Principal risks and uncertainties

The directors consider the company's principal risks and uncertainties to be those faced by its investments.

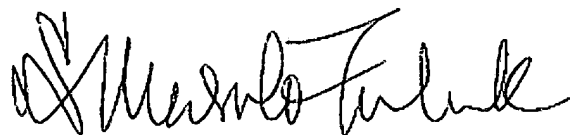
The hairdressing market within the United Kingdom is highly competitive and the group is developing plans to improve the standard of its salons by continuing to invest in staff education and by expanding this education further into the fields of customer service, business management and information technology.

The business is affected by the performance of the economy of the United Kingdom generally and by the impact of this performance on consumer confidence.

External credit risk is minimal as approximately half of the group's customers are individuals who pay cash, cheque or credit or debit card at the time that they receive the service. The other half of its customers are franchise operations. The financial performance of these franchise operations is constantly monitored to ensure that exposure to bad debts is kept under control and within acceptable limits. However, it is a priority of the company and the wider Toni & Guy International group to support its franchise network where unable and allow the group to navigate the challenges that markets conditions are presenting.

Cash flow of the group is monitored as part of its day to day control procedures. The board considers cash flow projections regularly and ensures that appropriate facilities are available to be drawn upon as necessary.

This report was approved by the board and signed on its behalf.



S M Mascolo-Tar buck
Director

31.5.2018

Mascolo Holdings Limited

Directors' Report for the Year Ended 31 August 2017

The directors present their report and the financial statements for the year ended 31 August 2017.

Principal activity

The principal activity of the company is that of holding investments in other group companies. There have been no changes in the company's activities in the year under review and none are anticipated.

The company has not traded during the financial year, nor was there any other comprehensive income or transactions with shareholders and accordingly no statement of comprehensive income or statement of changes in equity has been prepared.

Directors

The directors who served during the year were:

G T Mascolo (resigned 10 December 2017)

S M Mascolo-Tarbuck (appointed 22 February 2017)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

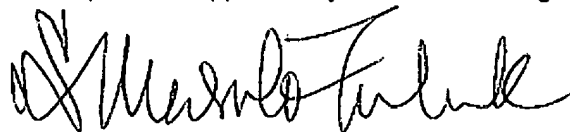
Mascolo Holdings Limited

Directors' Report (continued) for the Year Ended 31 August 2017

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'S M Mascolo-Tarbuck', written in a cursive style.

S M Mascolo-Tarbuck

Director

Date: 31.5.2018

Mascolo Holdings Limited

Independent Auditor's report to the members of Mascolo Holdings Limited

Opinion

We have audited the financial statements of Mascolo Holdings Limited ("the company") for the year ended 31 August 2017 which comprise the statement of income and retained earnings, statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its result 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.

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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Mascolo Holdings Limited

Independent Auditor's report to the members of Mascolo Holdings Limited (continued)

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 this regard.

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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report and director's report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mascolo Holdings Limited

Independent Auditor's report to the members of Mascolo Holdings Limited (continued)

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 of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

BDO LLP

Ian Clayden (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 31-05-2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Mascolo Holdings Limited

Registered number: 07150176

Statement of Income and Retained Earnings for the Year Ended 31 August 2017

The company has not traded during the year or the preceding financial year. During these periods, the company received no income and incurred no expenditure and therefore made neither profit or loss.

Statement of Financial Position as at 31 August 2017

	Note	2017 £	2016 £
Current assets			
Debtors	7	2	2
Net assets		<u>2</u>	<u>2</u>
Capital and reserves			
Share capital	8	2	2
		<u>2</u>	<u>2</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by: ☐



S M Mascolo-Tarbuck

Director

31.5.2018

The notes on pages 8 to 9 form part of these financial statements.

Mascolo Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

1. General information

Mascolo Holdings Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is stated on the company information page and the nature of the company's operations and principal activity is set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

2.2 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

There are no estimates and judgements that have a significant risk of causing material misstatement to the carrying amount of assets and liabilities within the year.

4. Employees

There were no employees of the company during the year apart from the directors, who received no remuneration.

5. Auditor's remuneration

Audit and other statutory fees are borne by Toni & Guy Holdings Limited.

6. Fixed asset investments

Subsidiary undertakings and associated undertakings

The following were subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Mascolo Limited	England and Wales	Ordinary	100 %	Hair products

The registered address of Mascolo Limited is 58-60 Stamford Street, London, SE1 9LX.

The above company was acquired for nil consideration.

Mascolo Holdings Limited

Notes to the Financial Statements for the Year Ended 31 August 2017

7. Debtors

	2017 £	2016 £
Amounts owed by parent company	<u>2</u>	<u>2</u>

All amounts shown under debtors fall due for payment within one year.

8. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

9. Related party transactions

The company has taken advantage of the exemption available under the paragraph C.35 of the Financial Reporting Standard 102 Section 1A not to disclose transactions with other wholly owned members of the group.

10. Controlling party

At 31 August 2017, the immediate parent company was Toni & Guy Holdings Limited. The ultimate parent company was Toni & Guy International Limited, which is the parent of both the smallest and largest groups of which the company is a member and for which consolidated financial statements are prepared. As at 31 August 2017 the ultimate controlling party was G T Mascolo. Subsequently, Toni & Guy International Limited has become the 100% subsidiary of Toni & Guy International Holdings Limited, of which, the ultimate controlling parties, pending distribution of the estate of G T Mascolo (deceased), are each of the joint Executors of the Estate of G T Mascolo. P R Mascolo is both an executor and the principal named beneficiary of the shares controlled by the Estate in Toni & Guy International Holdings Limited.

Copies of the consolidated financial statements of Toni & Guy International Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.