

Beauty Express Limited

Directors' report and financial statements

Registered number SC89728

30 September 2008

MONDAY



SI64KBBQ

SCT

06/07/2009

26

COMPANIES HOUSE

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	3
Independent auditors' report to the members of Beauty Express Limited	4
Profit and Loss Account	6
Balance Sheet	7
Notes	8

Company information

Directors

Richard Hull
Mark Faulkner

Company secretary

Richard Hull

Registered office

Evanton Drive
Thornliebank Industrial Estate
Glasgow
G46 8HZ

Auditors

KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Bankers

Bank of Scotland
21/23 Bridge Street
Glasgow
G5 9JB

Solicitors

Maclay Murray & Spens
151 St Vincent Street
Glasgow
G2 5NJ

Directors' report

The directors present their directors' report and financial statements for the year ended 30 September 2008.

Principal activity and review of the business

The principal activity of the company during the year was the supply of professional beauty products to the trade by way of a mail order system.

During the year covered by these accounts the company reviewed both its marketing strategy and the range of products on offer, this has contributed significantly to the improved turnover compared to last year's levels.

As part of an international restructuring within the Sally group of companies, of which this company is a member, the company disposed of its trade, assets and liabilities to a group company, Salon Services (Hair and Beauty Supplies) Limited on 30 September 2008 for a consideration of £1,500,000, giving rise to a profit on disposal of £10,710. As the directors do not intend to acquire a replacement trade they have not prepared the accounts on a going concern basis. The effect of this is explained in note 1 to the financial statements.

Results and dividends

The results for the year are set out on page 6.

Subsequent to the year ended 30 September 2008, and as part of the Sally Beauty International Inc. European group restructuring programme, the directors have declared and paid an interim dividend of £1,499,900 to the shareholders in order to distribute reserves in advance of the company being dissolved (2007: £Nil).

Directors

The directors who held office during the year and to the date of this report were as follows:

David John North (resigned 13 February 2009)
John Poston (resigned 14 November 2008)
Gary Gene Winterhalter (resigned 13 February 2009)
Richard Hull (appointed 14 November 2008)
Mark Faulkner (appointed 13 February 2009)

Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



Richard Hull
Director

30 June 2009
Evanton Drive
Thornliebank Industrial Estate
Glasgow
G46 8HZ

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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).

The financial statements are required by law to 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 judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate for the preparation of the financial statements of the company and therefore the financial statements of the company have not been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.



KPMG LLP

191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditors' report to the members of Beauty Express Limited

We have audited the financial statements of Beauty Express Limited for the year ended 30 September 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes and which have not been prepared on a going concern basis for the reasons set out in note 1 to the financial statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and prepared our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Beauty Express Limited

(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors Report is consistent with the financial statements.

KPMG LLP
KPMG LLP
Chartered Accountants
Registered Auditor

3 July 2009

Profit and Loss Account
for the year ended 30 September 2008

	<i>Note</i>	2008 £	2007 £
Turnover	2	6,360,319	5,598,600
Cost of sales		(3,721,994)	(3,978,825)
Gross profit		2,638,325	1,619,775
Administrative expenses		(2,361,534)	(1,642,136)
Operating profit/(loss)		276,791	(22,361)
Interest receivable and similar income		10,334	3,062
Disposal of trading assets and liabilities	14	10,710	-
Profit/(loss) on ordinary activities before taxation	3	297,835	(19,299)
Tax (charge)/credit on profit/(loss) on ordinary activities	6	(9,106)	2,023
Profit/(loss) for the financial year	12	288,729	(17,276)

The company has no recognised gains or losses other than the profit for the year; accordingly, no statement of total recognised gains and losses has been presented.


All turnover and profit/(loss) were derived from discontinued operations.

Balance Sheet
at 30 September 2008

	<i>Note</i>	2008		2007	
		£	£	£	£
Fixed assets					
Tangible assets	7	-	-	94,610	
Current assets					
Stock of finished goods for resale		-		1,223,813	
Debtors	8	1,500,000		1,107,083	
Cash at bank and in hand		-		225,059	
		<u>1,500,000</u>		<u>2,555,955</u>	
Creditors: amounts falling due within one year	9	-		(1,439,294)	
Net current assets		<u>1,500,000</u>		<u>1,116,661</u>	
Net Assets		<u>1,500,000</u>		<u>1,211,271</u>	
Capital and reserves					
Called up share capital	11	100		100	
Profit and loss account	12	1,499,900		1,211,171	
Shareholders' funds	13	<u>1,500,000</u>		<u>1,211,271</u>	

These financial statements were approved by the board of directors on its behalf by:

30 June 2009 and were signed on


Richard Hull
 Director

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 financial statements.

Basis of preparation

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

The company ceased trading on 30 September 2008 when all of its trade assets and liabilities were transferred to a fellow subsidiary undertaking. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. No adjustments were necessary to the amounts at which the net assets are included in the financial statements.

As 100% of the company's voting rights are controlled within the group headed by Sally Beauty Holdings Inc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement because it is a small company.

Turnover

Turnover represents the total invoice value, excluding value added tax, of sales of beauty products made during the year.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fittings and equipment - 15% reducing balance
Computer equipment - 15% straight line

Stock

Goods for resale are stated at the lower of cost and net realisable value. Cost comprises the purchase price of the materials.

Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Analysis of turnover

	2008 £	2007 £
<i>By geographical market</i>		
UK	6,360,319	5,550,005
Europe	-	48,595
	<u>6,360,319</u>	<u>5,598,600</u>

3 Profit/(Loss) before tax on ordinary activities

	2008 £	2007 £
<i>Profit/(Loss) before tax on ordinary activities is stated after charging/(crediting):</i>		
Depreciation of tangible assets	23,454	23,469
Auditors' remuneration: Audit of these financial statements	9,240	6,000
	<u>32,694</u>	<u>29,469</u>

4 Directors' emoluments

	2008 £	2007 £
Remuneration and other benefits	-	57,462
	<u>-</u>	<u>57,462</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	-	-
	<u>-</u>	<u>-</u>
Pension costs	-	2,385
	<u>-</u>	<u>2,385</u>

Notes (continued)

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	
	2008	2007
Sales and administration	47	48

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£	£
Wages and salaries	938,332	823,696
Social security costs	74,559	69,964
Other pension costs	-	2,385
	<u>1,012,891</u>	<u>896,045</u>

6 Taxation

Analysis of charge in year

	2008	2007
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Adjustments in respect of prior years	(12,573)	(2,983)
Total current tax	<u>(12,573)</u>	<u>(2,983)</u>
<i>Deferred tax</i>		
Origination of timing differences	(8,468)	5,006
Adjustments in respect of prior years	11,935	-
Total deferred tax	<u>3,467</u>	<u>5,006</u>
Tax (charge)/credit on profit/(loss) on ordinary activities	<u>(9,106)</u>	<u>2,023</u>

Notes (continued)

Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK 29%, (2007: 30%). The differences are explained below.

	2008 £	2007 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	297,835	(19,299)
Current tax at 29% (2007: 30 %)	86,372	(5,790)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	57	784
Capital allowances for the year in excess of depreciation	724	(922)
Tax losses carried forward	-	5,928
Other timing differences	(9,192)	-
Group relief received for no consideration	(77,961)	-
Adjustments in respect of prior years	12,573	2,983
Total current tax charge (see above)	12,573	2,983

7 Tangible fixed assets

	Fittings and equipment £	Computer equipment £	Total £
<i>Cost</i>			
At beginning of year	46,143	148,039	194,182
Additions	-	13,591	13,591
Disposals	(46,143)	(161,630)	(207,773)
At end of year	-	-	-
<i>Depreciation</i>			
At beginning of year	20,231	79,341	99,572
Charge for year	3,876	19,578	23,454
Disposals	(24,107)	(98,919)	(123,026)
At end of year	-	-	-
<i>Net book value</i>			
At 30 September 2008	-	-	-
At 30 September 2007	25,912	68,698	94,610

Notes (continued)

8 Debtors

	2008 £	2007 £
Trade debtors	-	1,019,690
Amounts owed by group undertakings	1,500,000	43,579
Prepayments and accrued income	-	42,875
Deferred tax asset (see note 10)	-	939
	<u>1,500,000</u>	<u>1,107,083</u>

9 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	-	301,877
Amounts owed to group undertaking	-	708,469
Other creditors	-	428,948
	<u>-</u>	<u>1,439,294</u>

10 Provisions for liabilities and charges, Deferred tax

	2008 £
At 1 October 2007	(939)
Profit and Loss account	(3,467)
Transfer on sale of business	4,406
	<u>-</u>
At 30 September 2008	<u>-</u>

Deferred tax is analysed over the following timing differences:

	2008 £	2007 £
Accelerated capital allowances	-	4,989
Tax losses	-	(5,928)
	<u>-</u>	<u>(939)</u>

Notes (continued)

11 Called up share capital

	2008 £	2007 £
<i>Authorised</i>		
10,000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100

12 Profit and loss reserve

	2008 £	2007 £
At beginning of year	1,211,171	1,228,447
Retained Profit/(loss) for the financial year	288,729	(17,276)
At the end of year	1,499,900	1,211,171

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/(loss) for the financial year	288,729	(17,276)
Opening shareholders' funds	1,211,271	1,228,547
Closing shareholders' funds	1,500,000	1,211,271

14 Disposal of business

On 30 September 2008 the company disposed of its business, assets and liabilities, to Salon Services (Hair and Beauty Supplies) Limited for a consideration of £1,500,000 realising a profit of £10,710.

15 Ultimate parent undertaking

The company's immediate parent company is Salon Services (Hair and Beauty Supplies) Limited, which is incorporated in the United Kingdom and registered in Scotland.

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