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FORM AR27

Trade Union and Labour Relations (Consolidation) Act 1992

ANNUAL RETURN FOR AN EMPLOYERS' ASSOCIATION

| | |
|--|---|
| Name of Employers' Association: | National Hairdressers' Federation Ltd |
| Year ended: | 31 st December 2016 |
| List No: | CO/70E/ |
| Head or Main Office: | One Abbey Court Fraser Road Priory Business Park Bedford MK44 3WH |
| Website address (if available) | www.nhf.info |
| Has the address changed during the year to which the return relates? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Tick as appropriate) |
| General Secretary: | Mrs Hilary Hall |
| Contact name for queries regarding the completion of this return: | Simon Thomson |
| Telephone Number: | 01234 834382 |
| e-mail: | simon.thomson@nhf.info |

PLEASE FOLLOW THE GUIDANCE NOTES IN THE COMPLETION OF THIS RETURN.
Any difficulties or problems in the completion of this return should be directed to the Certification Office as below or by telephone to: 020 7210 3734

The address to which returns and other documents should be sent are:

For Employers' Associations based in England and Wales:
Certification Office for Trade Unions and Employers' Associations
Lower Ground Floor, Fleetbank House, 2-6 Salisbury Square, London EC4Y 8JX

For Employers' Associations based in Scotland:
Certification Office for Trade Unions and Employers' Associations
Melrose House, 69a George Street, Edinburgh EH2 2JG

(Revised February 2011)



Legal and administrative information

**Co-operative and Community Benefit
Society registration number:** 30905R

Registered office: One Abbey Court
Fraser Road
Priory Business Park
BEDFORD
MK44 3WH

National executive council: A Leonard – President (appointed 15.05.16)
P Curry – President (resigned 15.05.16)
I Egerton – Vice-President (appointed 15.05.16)
A Leonard – Vice-President (resigned 15.05.16)
P Curry – Immediate Past-President (appointed 15.05.16)
V Voralia – Honorary Treasurer
E Clough
M Coray
J Cownley
I Egerton (resigned 15.05.16)
A Goddard-Wilson
E Hayden (resigned 18.11.16)
K Huggins
S Scarr (appointed 15.05.16)
R Sparkes
A Walker (resigned 15.05.16)
J Wells

Chief executive officer: H Hall

Bankers: Lloyds Bank plc
34 High Street
BEDFORD
MK40 1SB

Investment manager: Investec Wealth & Investment Management Limited
30 Gresham Street
LONDON
EC2V 7QP

RETURN OF MEMBERS

(see note 9)

| NUMBER OF MEMBERS AT THE END OF THE YEAR | | | | |
|--|------------------|----------------|---|--------|
| Great Britain | Northern Ireland | Irish Republic | Elsewhere Abroad (including Channel Islands) | TOTALS |
| 5,222 | 16 | 2 | 31 | 5,271 |

OFFICERS IN POST

(see note 10)

Please attach as an annexe to this form a complete list of all officers in post at the end of the year to which this form relates, with the title of each persons office.

CHANGE OF OFFICERS

Please complete the following to record any changes of officers during the twelve months covered by this return.

| Title of Office | Name of Officer ceasing to hold office | Name of Officer Appointed | Date of Change |
|--------------------------|---|------------------------------|------------------|
| President | P Curry | A Leonard | 15 May 2016 |
| Vice-President | A Leonard | I Egerton | 15 May 2016 |
| Immediate Past-President | n/a | P Curry | 15 May 2016 |
| NEC Member | I Egerton | n/a | 15 May 2016 |
| NEC Member | A Walker | S Scarr | 15 May 2016 |
| NEC Member | E Hayden | vacant | 18 November 2016 |
| | | | |
| | | | |
| | | | |

INCOME AND EXPENDITURE ACCOUNT

(see notes 11 to 16)

| Previous Year *restated | | | £ | £ |
|----------------------------|--|---|---------|-----------|
| | INCOME | | | |
| 1,167,781 | From Members | Subscriptions | | 1,239,231 |
| 51,372 | Investment income | Interest and dividends | | 62,680 |
| 105,018 | Other income | Insurance commission | 107,983 | |
| 46,952 | | Advertising/sponsorship | 54,363 | |
| 33,764 | | Competitions/seminars | 55,884 | |
| 11,372 | | Miscellaneous receipts – sundry | 19,126 | |
| 38,318 | | Sales to members | 34,111 | |
| | | | | 271,467 |
| 1,454,577 | TOTAL INCOME | | | 1,573,378 |
| | EXPENDITURE | | | |
| | Administrative expenses | | | |
| 379,042 | | Remuneration and expenses of staff | 417,033 | |
| 33,966 | | Occupancy costs | 36,198 | |
| 61,050 | | Printing, stationery, postage & telephone | 101,390 | |
| 26,846 | | Honoraria | 8,052 | |
| 34,793 | | Legal and professional fees | 27,940 | |
| 42,251 | | Office equipment charges | 41,773 | |
| 199,026 | | Travel, publicity & promotion | 206,878 | |
| | | | | 839,264 |
| 22,992 | Other charges | Bank charges | 27,393 | |
| 23,109 | | Depreciation | 22,143 | |
| 4,360 | | Cost of sales to members | - | |
| 10,702 | | Affiliation fees, donations & subscriptions | 11,242 | |
| 76,989 | | Meeting fees | 64,040 | |
| 57,296 | | Competition expenses | 104,444 | |
| 305,712 | | Direct membership services | 404,833 | |
| 6,474 | | Sundry & admin charges | 4,426 | |
| | | | | 638,521 |
| 16,339 | Taxation | | | 35,253 |
| 1,300,947 | TOTAL EXPENDITURE | | | 1,513,038 |
| 153,630 | Surplus for year | | | 60,340 |
| 8,525 | Gains/(losses) on investments (realised loss (25,447); unrealised gain £232,488) | | | 207,041 |
| 2,755,943 | Amount of fund at beginning of year | | | 2,918,098 |
| 2,918,098 | Amount of fund at end of year | | | 3,185,479 |

ACCOUNTS OTHER THAN THE INCOME AND EXPENDITURE ACCOUNT

(see notes 17 to 18)

| | | | |
|--|---|---------------------|---|
| ACCOUNT 2 <i>Not applicable</i> | | Fund Account | |
| Name of account: | | £ | £ |
| Income | From members Investment income Other income (specify) | | |
| | | | |
| | Total Income | | |
| Expenditure | Administrative expenses Other expenditure (specify) | | |
| | | | |
| | Total Expenditure | | |
| | Surplus (Deficit) for the year | | |
| | Amount of fund at beginning of year | | |
| | Amount of fund at the end of year (as Balance Sheet) | | |

| | | | |
|--|---|---------------------|---|
| ACCOUNT 3 <i>Not applicable</i> | | Fund Account | |
| Name of account: | | £ | £ |
| Income | From members Investment income Other income (specify) | | |
| | | | |
| | Total Income | | |
| Expenditure | Administrative expenses Other expenditure (specify) | | |
| | | | |
| | Total Expenditure | | |
| | Surplus (Deficit) for the year | | |
| | Amount of fund at beginning of year | | |
| | Amount of fund at the end of year (as Balance Sheet) | | |

(see notes 17 to 18)

| ACCOUNT 4 | | Fund Account | |
|--|--------------------------------|--------------|---|
| Name of account: | | £ | £ |
| Income | From members | | |
| | Investment income | | |
| | Other income (specify) | | |
| | Total Income | | |
| Expenditure | Administrative expenses | | |
| | Other expenditure (specify) | | |
| | Total Expenditure | | |
| | Surplus (Deficit) for the year | | |
| Amount of fund at beginning of year | | | |
| Amount of fund at the end of year (as Balance Sheet) | | | |

| ACCOUNT 5 | | Not applicable | | Fund Account | |
|------------------|-----------------------------|--|--|--------------|--|
| Name of account: | | £ | | £ | |
| Income | From members | | | | |
| | Investment income | | | | |
| | Other income (specify) | | | | |
| | | | | | |
| | | Total Income | | | |
| Expenditure | Administrative expenses | | | | |
| | Other expenditure (specify) | | | | |
| | | | | | |
| | | | | | |
| | | Total Expenditure | | | |
| | | Surplus (Deficit) for the year | | | |
| | | Amount of fund at beginning of year | | | |
| | | Amount of fund at the end of year (as Balance Sheet) | | | |

ACCOUNTS OTHER THAN THE INCOME AND EXPENDITURE ACCOUNT

(see notes 17 to 18)

| | | |
|-------------------------|---|---------------------|
| ACCOUNT 6 | <i>Not applicable</i> | Fund Account |
| Name of account: | £ | £ |
| Income | From members Investment income Other income (specify) | |
| | | |
| | Total Income | |
| Expenditure | Administrative expenses Other expenditure (specify) | |
| | | |
| | Total Expenditure | |
| | Surplus (Deficit) for the year | |
| | Amount of fund at beginning of year | |
| | Amount of fund at the end of year (as Balance Sheet) | |

| | | |
|-------------------------|---|---------------------|
| ACCOUNT 7 | <i>Not applicable</i> | Fund Account |
| Name of account: | £ | £ |
| Income | From members Investment income Other income (specify) | |
| | | |
| | Total Income | |
| Expenditure | Administrative expenses Other expenditure (specify) | |
| | | |
| | Total Expenditure | |
| | Surplus (Deficit) for the year | |
| | Amount of fund at beginning of year | |
| | Amount of fund at the end of year (as Balance Sheet) | |

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

(see notes 19 and 20)

| Previous Year *restated | | £ | £ |
|----------------------------|--|-----------|-----------|
| 377,322 | Fixed Assets (as at page 8) | | 462,873 |
| | Investments (as per analysis on page 9) | | |
| 1,677,837 | Quoted (Market value) | 2,874,783 | |
| 7 | Unquoted (note 3) | 7 | |
| | Total Investments | | 2,874,790 |
| | Other Assets | | |
| 89,390 | Sundry debtors | 114,259 | |
| 860,000 | Short term deposits (note 3) | 90,000 | |
| 228,162 | Cash at bank and in hand | 20,502 | |
| | Total of other assets | | 224,761 |
| 3,232,718 | TOTAL ASSETS | | 3,562,424 |
| | | | |
| 5,130 | Member Shares | | 5,271 |
| 806,381 | Income and expenditure account | | 2,357,240 |
| | Designated funds | | |
| 377,322 | Tangible and intangible fixed assets fund | 462,873 | |
| 114,203 | Revaluation fund | 360,095 | |
| 1,615,062 | Regions & networking groups fund | - | 822,968 |
| | Liabilities | | |
| 59,241 | Sundry creditors | 76,842 | |
| 255,379 | Accrued expenses | 300,103 | |
| - | Corporation tax | - | |
| 314,620 | TOTAL LIABILITIES | | 376,945 |
| 3,232,718 | TOTAL ASSETS | | 3,562,424 |

FIXED ASSETS ACCOUNT

(see note 21)

| | Land & Buildings | Fixtures & Fittings | Total |
|--|---------------------|------------------------|----------------|
| | £ | £ | £ |
| COST OR VALUATION | | | |
| At start of period | 493,789 | 167,198 | 660,987 |
| | | | |
| Additions during period | - | 107,694 | 107,694 |
| | | | |
| Less: Disposals during period | - | - | - |
| Fully written off during period | - | 41,778 | 41,778 |
| | | | |
| Less: DEPRECIATION: | | | |
| At start of period | 129,197 | 154,468 | 283,665 |
| Charges for the period | 9,876 | 12,267 | 22,143 |
| Fully written off during period | - | (41,778) | (41,778) |
| Total to end of period | 139,073 | 124,957 | 264,030 |
| | | | |
| BOOK AMOUNT at end of period | 354,716 | 108,157 | 462,873 |
| | | | |
| Freehold | | | |
| | | | |
| Leasehold (50 or more years unexpired) | 354,716 | | |
| | | | |
| Leasehold (less than 50 years unexpired) | | | |
| | | | |
| AS BALANCE SHEET | 354,716 | 108,157 | 462,873 |

ANALYSIS OF INVESTMENTS

(see note 22)

| | | Other Funds £ |
|-----------------|---|---------------------|
| QUOTED | British Government & British Government Guaranteed Securities | 2,374,783 |
| | British Municipal and County Securities | - |
| | Other quoted securities (to be specified) | - |
| | TOTAL QUOTED (as Balance Sheet) | 2,374,783 |
| | *Market Value of Quoted Investments | |
| UNQUOTED | British Government Securities | - |
| | British Municipal and County Securities | - |
| | Investec 2 year floored floater deposit | 250,000 |
| | Lloyds 2 year treasurers deposit | 250,000 |
| | Mortgages | - |
| | Other unquoted securities (to be specified) | |
| | - World Hair Ltd | 1 |
| | - Priory Park Management Ltd | 6 |
| | TOTAL QUOTED (as Balance Sheet) | 500,007 |
| | *Market Value of Unquoted Investments | |

* Market value of investments to be stated where these are different from the figures quoted in the balance sheet

ANALYSIS OF INVESTMENT INCOME (CONTROLLING INTERESTS)

(see notes 23 to 25)

| | | | |
|--|--|--|-----------------------------|
| Does the association, or any constituent part of the association, have a controlling interest in any limited company? | | <input style="width: 90%;" type="text"/> | <input type="checkbox"/> NO |
| If YES name the relevant companies: | | | |
| COMPANY NAME | COMPANY REGISTRATION NUMBER (if not registered in England & Wales, state where registered) | | |
| INCORPORATED EMPLOYERS' ASSOCIATIONS | | | |
| Are the shares which are controlled by the association registered in the association's name | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| If NO, please state the names of the persons in whom the shares controlled by the association are registered. | | | |
| COMPANY NAME | NAMES OF SHAREHOLDERS | | |
| UNINCORPORATED EMPLOYERS ASSOCIATIONS | | | |
| Are the shares which are controlled by the association registered in the names of the association's trustees? | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| If NO, state the names of the persons in whom the shares controlled by the association are registered. | | | |
| COMPANY NAME | NAMES OF SHAREHOLDERS | | |

SUMMARY SHEET

(see notes 26 to 35)

| | All funds except Political Funds £ | Political Funds £ | Total Funds £ |
|---|--|-------------------------|---------------------|
| INCOME | | | |
| From Members | 1,239,231 | - | 1,239,231 |
| From Investments | 62,680 | - | 62,680 |
| Other Income (including increases by revaluation of assets) | 503,955 | - | 503,955 |
| Total Income | 1,805,866 | - | 1,805,866 |
| EXPENDITURE (including decreases by revaluation of assets) | | | |
| Total Expenditure | 1,538,485 | - | 1,538,485 |
| Funds at beginning of year (including reserves) | 2,918,098 | - | 2,918,098 |
| Funds at end of year (including reserves) | 3,185,479 | - | 3,185,479 |
| ASSETS | | | |
| Fixed Assets | | | 462,873 |
| Investment Assets | | | 2,874,790 |
| Other Assets | | | 224,761 |
| Total Assets | | | 3,562,424 |
| LIABILITIES | | | |
| Total Liabilities | | | 376,945 |
| NET ASSETS (Total Assets less Total Liabilities) | | | 3,185,479 |

NOTES TO THE ACCOUNTS

(see note 36)

All notes to the accounts must be entered on or attached to this part of the return.

None

ACCOUNTING POLICIES

(see notes 37 and 38)

Principal accounting policies

General information

National Hairdressers' Federation is a limited liability company incorporated in England and its registered office is One Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH.

The company is principally engaged in the representation of owners of hairdressing salons, barber shops and beauty salons in Great Britain.

Basis of accounting

The financial statements have been prepared in accordance with the Section 1A of financial Reporting Standard 102, the Financial Standard applicable in the UK and the republic of Ireland and the Co-Operatives Societies act 2014.

The company's functional and presentational currency is GBP.

The principal accounting policies of the society are set out below. The policies have remained unchanged from the previous year.

Going concern

The NEC have not identified any material uncertainties that may cast significant doubt about the ability of the Federation to continue as a going concern. The Federation's income levels, together with the factors likely to affect its future development, performance and position, its cash flows and liquidity position has been assessed. The Federation has sufficient financial resources. As a consequence, the NEC believe that the Federation is well placed to manage its business risks successfully. The NEC have a reasonable expectation that the Federation has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adapt the going concern basis of accounting in preparing the annual financial statements.

Scope of the financial statements

These financial statements incorporate the transactions, assets and liabilities of the National Operations together with those of the Regions and Networking Groups of the National Hairdressers' Federation Limited.

Membership income

Membership subscriptions are recognised on an accruals basis over the period of the subscription.

Insurance commission

Insurance commission income is recognised in the income and expenditure account on a receipt basis.

Other income

All other income is recognised in the income and expenditure account on an accruals basis.

Taxation

In accordance with an agreement with HM Revenue & Customs, the charge for taxation is based on the interest receivable, investment income and other non-membership income for the period after deducting allowable expenses.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease terms.

Pension costs

Contributions in respect of personal pension schemes are charged to the income and expenditure account in the period in which they are due to the scheme.

Cash flow statement

The NEC have taken advantage of the exemption permitted by section 1A of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as a small company from the requirement to prepare a cashflow.

Intangible fixed assets

Intangible assets are stated at their original purchase price plus incidental costs of acquisition. Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|----------|-----------------------|
| Software | 3 years straight line |
|----------|-----------------------|

Tangible fixed assets

Tangible fixed assets are stated at their original purchase price plus incidental costs of acquisition. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|--|------------------------|
| Long leasehold property | 50 years straight line |
| Office furniture, fittings and equipment | 5 years straight line |
| Computer equipment | 3 years straight line |

Investments

Non-listed investments are valued at cost with provision being made for any permanent diminution in value. Listed investments are stated at their market value as at the end of the financial period.

Short-term bank deposits

Short term bank deposits are funds accessible instantly at the financial position date.

Fund accounting

The general funds consist of those funds which the Federation may use in furtherance of its objectives at the discretion of the NEC.

Designated funds are funds set aside by the NEC for specific purposes.

Joint venture

The shareholding in World Hair Limited represents 50% of the total called up and fully paid ordinary share capital. In accordance with applicable standards, NHF jointly controls the venture with one or more other entities. None of the entities alone can control this entity but all together can do so and decisions on financial and operating policy essential to the activities, economic performance and financial position of that venture require each venturer's consent. This joint venture has been accounted for as an investment.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at transaction price.

Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or

receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income and expenditure account.

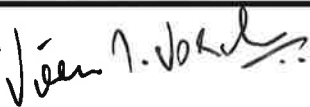

Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Items in the financial statements where these judgements and estimates have been made include the estimation of useful economic lives of tangible and intangible fixed assets.

SIGNATURES TO THE ANNUAL RETURN

(see notes 39 and 40)

including the accounts and balance sheet contained in the return.

| | |
|--|---|
| Treasurer's Signature:  | President's Signature:  |
| Name: YIREN YORALI | Name: A Leonard |
| Date: 21st May 2017 | Date: 21st May 2017 |

CHECK LIST

(see note 41)

(please tick as appropriate)

| | | | | |
|---|-----|---|----|--|
| IS THE RETURN OF OFFICERS ATTACHED? (see Page 3) | YES | ✓ | NO | |
| HAS THE RETURN OF CHANGE OF OFFICERS BEEN COMPLETED? (see Page 3) | YES | ✓ | NO | |
| HAS THE RETURN BEEN SIGNED? (see Note 38) | YES | ✓ | NO | |
| HAS THE AUDITOR'S REPORT BEEN COMPLETED (see Note 39) | YES | ✓ | NO | |
| IS A RULE BOOK ENCLOSED? (see Note 40) | YES | ✓ | NO | |
| HAS THE SUMMARY SHEET BEEN COMPLETED (see Notes 6 and 25 to 34) | YES | ✓ | NO | |

Financial statements National Hairdressers' Federation Limited

For the year ended 31 December 2016

Co-operative and Community Benefit Society Registration No. 30905R

Report of the National Executive Council

The National Executive Council ("the NEC") presents its report together with the financial statements of the National Hairdressers' Federation Limited ("the Federation") for the year ended 31 December 2016.

Constitution

The National Hairdressers' Federation Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014. It is also registered as an Employer Association with the Trade Union and Employers' Association certification offices in England and Wales and Northern Ireland.

Principal activities

The Federation is the largest organisation representing the owners of hairdressing salons, barber shops and beauty salons in Great Britain, as well as self-employed hairdressers, barbers and beauty therapists working in salons, plus educators and other parties with an interest in the sector. Membership is open to individuals, partners, directors and all those who meet the above criteria. A range of benefits and services are provided by a professional secretariat and local activities are organised with the involvement of Regional Coordinators.

Structure, governance and management

The Federation is governed by the NEC and it conducts the general affairs of the Federation, subject to the approval of the members, as provided in the Federation rules.

The NEC comprises a President, Vice-President, Honorary Treasurer and representatives from the Regions. The President and Vice-President are appointed by the NEC at the Annual General Meeting. The Honorary Treasurer is elected by the membership and the regional representatives are elected by the members of the Regions.

The day-to-day management of the Federation is delegated to the Chief Executive Officer, who is appointed by the NEC.

The NEC is supported by the one sub-committee:

- Remuneration Committee – Agnes Leonard (chair), Ian Egerton, Paul Curry, Kevin Huggins and Viren Voralia.

Sub-committee appointments for 2016/17 were confirmed at the NEC meeting on 15th May 2016.

Members

In accordance with the Federation's rules, each member is entitled to one share only in the Federation which confers on them the right to vote at any meeting. The shares cannot be transferred, redeemed or withdrawn. Upon a member ceasing to be a member of the Federation, their share is cancelled and the amount subscribed becomes the property of the Federation.

Review of activities during the year (continued)

Financial report

A year of improvement

In November 2015, the NEC approved a budget for 2016 that forecast a surplus of £92,500 for the year ended 31 December 2016.

Results for the period

During the year ended 31 December 2016, the total income was up by £61,000 compared to the approved budget, due to the centralisation of finances and the further increase in membership numbers.

The increased income due to the centralisation of finances, however was offset by the increase in costs. During the year NEC also gave approval of the rebranding project, an IT review and the appointment of a consulting Marketing Director which contributed significantly towards the overall cost overspend of £92,000 against budget.

This resulted in an operating surplus for the year of £58,958 which was £33,542 lower than budget.

The surplus was increased significantly by the performance of the investment portfolio held by the Federation. Unrealised gains in investments during the year were £232,488 whilst realised losses amounted to £25,447. The net surplus for the Federation for the year ended 31 December 2016 after investment gains was £267,381.

Free reserves

The NEC has examined the requirement for free reserves i.e. those general funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The NEC considers that, given the nature of the Federation's work, the level of free reserves should be at least £750,000 at any given time (approximately equivalent to six months' annual expenditure).

This is intended to provide sufficient flexibility to cover any temporary shortfalls in incoming resources due to timing differences in income flows, adequate working capital to cover core costs and will allow the Federation to cope with and respond to unforeseen emergencies whilst specific action plans are implemented.

At 31 December 2016, the free reserves of National Operations were £2,357,240.

Tax status

As the National Hairdressers' Federation Limited is registered as a Co-operative and Community Benefit Society, the Federation is, in general, subject to corporation tax on its investment income and chargeable gains. The Federation is partially exempt for VAT on its income and services purchased.



Independent auditor's report to the members of National Hairdressers' Federation Limited

We have audited the financial statements of National Hairdressers' Federation Limited for the year ended 31 December 2016 which comprise the principal accounting policies, the income and expenditure account, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Society, as a body, in accordance with sections 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it 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 Society as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of officers and committee members and auditor

As explained more fully in the Statement of NEC Responsibilities set out on page 7, the NEC are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Principal accounting policies

General information

National Hairdressers' Federation is a limited liability company incorporated in England and its registered office is One Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH.

The company is principally engaged in the representation of owners of hairdressing salons, barber shops and beauty salons in Great Britain.

Basis of accounting

The financial statements have been prepared in accordance with Section 1A of Financial Reporting Standard 102, the Financial Standard applicable in the UK and the Republic of Ireland and the Co-Operative and Societies act 2014.

The company's functional and presentational currency is GBP.

The principal accounting policies of the society are set out below. The policies have remained unchanged from the previous year.

Going concern

The NEC have not identified any material uncertainties that may cast significant doubt about the ability of the Federation to continue as a going concern. The Federation's income levels, together with the factors likely to affect its future development, performance and position, its cash flows and liquidity position has been assessed. The Federation has sufficient financial resources. As a consequence, the NEC believe that the Federation is well placed to manage its business risks successfully. The NEC have a reasonable expectation that the Federation has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Scope of the financial statements

These financial statements incorporate the transactions, assets and liabilities of the National Hairdressers' Federation Limited.

Membership income

Membership subscriptions are recognised on an accruals basis over the period of the subscription.

Insurance commission

Insurance commission income is recognised in the income and expenditure account on a receipts basis.

Other income

All other income is recognised in the income and expenditure account on an accruals basis.

Taxation

In accordance with an agreement with HM Revenue & Customs, the charge for taxation is based on the interest receivable, investment income and other non-membership income for the period after deducting allowable expenses.

Principal accounting policies

Fund accounting

The general funds consist of those funds which the Federation may use in furtherance of its objectives at the discretion of the NEC.

Designated funds are funds set aside by the NEC for specific purposes.

Joint venture

The shareholding in World Hair Limited represents 50% of the total called up and fully paid ordinary share capital. In accordance with applicable standards, NHF jointly controls the venture with one or more other entities. None of the entities alone can control this entity but all together can do so and decisions on financial and operating policy essential to the activities, economic performance and financial position of that venture require each venturer's consent. This joint venture has been accounted for as an investment.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Financial Instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income and expenditure account.

Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Items in the financial statements where these judgements and estimates have been made include the estimation of useful economic lives of tangible and intangible fixed assets.

Statement of financial position

| | Note | 2016 £ | 2015 Restated £ |
|---|------|------------------|-----------------------|
| Fixed assets | | | |
| Intangible assets | 6 | 94,973 | 1,344 |
| Tangible assets | 7 | 367,900 | 375,978 |
| Investments | 8 | 2,874,790 | 1,677,844 |
| | | 3,337,663 | 2,055,166 |
| Current assets | | | |
| Debtors | 9 | 114,259 | 89,390 |
| Short term bank deposits | 10 | 90,000 | 860,000 |
| Cash at bank and in hand | 10 | 20,502 | 228,162 |
| | | 224,761 | 1,177,552 |
| Creditors: amounts falling due within one year | 11 | (376,945) | (314,620) |
| Net current assets | | (152,184) | 862,932 |
| Total net assets | | 3,185,479 | 2,918,098 |
| Represented by Capital, funds and reserves | | | |
| Share capital | 13 | 5,271 | 5,130 |
| General fund: | | | |
| Income and expenditure account | 12 | 2,357,240 | 806,381 |
| Designated funds | | | |
| Revaluation fund | 12 | 360,095 | 114,203 |
| Tangible and intangible fixed assets fund | 12 | 462,873 | 377,322 |
| Regions and networking groups fund | 12 | - | 1,615,062 |
| | | 822,968 | 2,106,587 |
| | | 3,185,479 | 2,918,098 |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

These financial statements were approved and authorised for issue by the National Executive Council on 24/5/17 and are signed on their behalf by:

Agnes Leonard

Agnes Leonard

President

Registration number 30905R

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Operating surplus

The operating surplus is stated after charging:

| | 2016 | 2015 |
|--|--------|--------|
| | £ | £ |
| Depreciation of tangible fixed assets: | | |
| - owned by the Federation | 21,196 | 23,109 |
| Amortisation of intangible assets | 947 | 1,441 |
| Pension costs | 25,384 | 22,112 |

2 Auditor's remuneration

| | 2016 | 2015 |
|--|--------|--------|
| | £ | £ |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 10,800 | 10,500 |
| Corporation tax compliance | 1,900 | 1,300 |
| Other services | 1,500 | 1,900 |
| | 14,200 | 13,700 |

3 Corporation tax

The corporation tax arising on the results of the period, and calculated as set out in the accounting policies was a credit of £1,382 (2015: credit of £11,305).

4 Honoraria

Honoraria was paid to members of the NEC in pursuance of the Federation's objectives. In the year Honoraria paid to the members amounted to £8,052 (2015: £13,732).

5 Employees

Staff costs, including directors' remuneration, were as follows:

| | 2016 | 2015 |
|-----------------------|---------|---------|
| | £ | £ |
| Wages and salaries | 338,455 | 313,654 |
| Social security costs | 29,781 | 29,230 |
| Other pension costs | 25,384 | 22,112 |
| | 393,620 | 364,996 |

The average monthly number of employees, including directors, during the year was 12 (2015: 11).

8 Investments

| | Listed investments £ | Treasurers deposits £ | Priory Park Management Limited £ | World Hair Limited £ | 2016 Total £ |
|--|-------------------------------------|--------------------------------------|---|---|-----------------------------|
| Unlisted/listed investments | | | | | |
| Market value | | | | | |
| At 1 January 2016 | 1,614,011 | - | 6 | 1 | 1,614,018 |
| Additions | 541,004 | 500,000 | - | - | 1,041,004 |
| Disposal proceeds | (60,056) | - | - | - | (60,056) |
| Realised losses on disposals | (25,447) | - | - | - | (25,447) |
| Unrealised gains | 232,488 | - | - | - | 232,488 |
| | <u>2,302,000</u> | <u>500,000</u> | <u>6</u> | <u>1</u> | <u>2,802,007</u> |
| Cash held by investment managers awaiting investment | 72,783 | - | - | - | 72,783 |
| At 31 December 2016 | <u>2,374,783</u> | <u>500,000</u> | <u>6</u> | <u>1</u> | <u>2,874,790</u> |
| At 31 December 2015 | <u>1,677,837</u> | <u>-</u> | <u>6</u> | <u>1</u> | <u>1,677,844</u> |
| Cost of investments (including cash held awaiting investment) | | | | | |
| At 31 December 2016 | <u>2,014,688</u> | <u>500,000</u> | <u>6</u> | <u>1</u> | <u>2,514,695</u> |
| At 31 December 2015 | <u>1,563,634</u> | <u>-</u> | <u>6</u> | <u>1</u> | <u>1,563,641</u> |

Listed investments

Listed investments comprise holdings in UK Government Bonds, Corporate bonds and debt, UK and international equities and unit trusts. These investments are all listed on active markets where directly observable prices are available. The valuation of such investments is based on these available market prices.

Priory Park Management Limited

The investment in Priory Park Management Limited comprises six, fully paid £1 'A' shares representing 9% of the total share capital of the company. The company is responsible for the management of the common areas of the Abbey Court development where the Federation's National Operations is based.

Treasurers Deposits

Treasurers deposits comprise monies held in long term deposits accruing interest which are held for appreciation.

11 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|--|----------------|----------------|
| Trade creditors | 67,399 | 50,843 |
| Corporation tax | - | - |
| Other taxation and social security | 9,443 | 8,398 |
| Other creditors and accruals | 39,810 | 16,401 |
| Deferred income – subscriptions in advance | 260,293 | 238,978 |
| | <u>376,945</u> | <u>314,620</u> |

12 Funds

The income and expenditure fund represents all current and prior period retained surpluses and deficits that are not designated for a specific purpose.

The revaluation fund represents the unrealised gains in connection with the listed investments held by the Federation.

The tangible and intangible fixed assets fund represents the net book value of the tangible fixed assets owned by the Federation. These assets are of fundamental importance to the Federation in carrying out its objectives. As such, a decision has been made to separate this fund from the income and expenditure account in order to demonstrate that the value does not comprise assets that can be realised in order to meet ongoing expenditure.

The Regions and Networking Groups funds were transferred in their entirety during the year in line with the agreement by NEC in November 2015.

13 Share capital

| | 2016 £ | 2015 £ |
|---------------------------|--------------|--------------|
| At 1 January 2016 | 5,130 | 5,067 |
| Issued during the year | 856 | 805 |
| Cancelled during the year | (715) | (742) |
| At 31 December 2016 | <u>5,271</u> | <u>5,130</u> |

Allotted, called up and fully paid:

| | 2016 | | 2015 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>5,271</u> | <u>5,271</u> | <u>5,130</u> | <u>5,130</u> |

In accordance with the Federation's rules, each member is entitled to one share only in the Federation which confers on them the right to vote at any meeting. The shares cannot be transferred, redeemed or withdrawn. Upon a member ceasing to be a member of the Federation their share is cancelled and the amount subscribed becomes the property of the Federation.

17 Prior year adjustment

During the year the Federation changed its accounting policy in respect of income recognition from membership subscriptions paid by direct debit. Previously this income was recognised as received, over 10 months. The NEC has determined that a more appropriate basis is to recognise this income evenly over 12 months. This has resulted in additional deferred income at 31 December 2014, 2015 and 2016 of £52,729. These financial statements therefore include a prior year adjustment, with the opening funds at 1 January 2015 being reduced by £52,729. There has been no impact on the reported result for the year ended 31 December 2015.

18 First time adoption to FRS 102

The entity's transition date to FRS 102 section 1A was 1 January 2015, with the latest period presented financial statements in accordance with its previous financial reporting framework being the year ended 31 December 2016.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 section 1A and have not impacted on equity or profit or loss in the current or prior year.

There has been an impact on the classification of assets on the balance sheet on transition to FRS 102 section 1A. This is due to the reclassification of software with net realisable value of £94,973 (2015: £1,344) from tangible fixed assets to intangible assets.

AUDITOR'S REPORT

(see notes 42 to 47)

made in accordance with section 36 of the Trade Union and Labour Relations (Consolidation) Act 1992.

We have audited the financial statements of National Hairdressers' Federation for the year ended 31 December 2016 which comprise the principal accounting policies, the income and expenditure account, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Society, as a body, in accordance with sections 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it 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 Society as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of officers and committee members and auditor

As explained more fully in the Statement of NEC Responsibilities set out on page 7, the NEC are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Federation's affairs as at 31 December 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative & Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, or a satisfactory system of control over its transactions has not been maintained; or
- the society financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

| | | |
|--------------------------------------|---|--|
| Signature(s) of auditor or auditors: | <i>Grant Thornton UK LLP</i> | |
| Name(s): | Grant Thornton UK LLP | |
| Profession(s) or Calling(s): | Statutory Auditor | |
| Address(es): | Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW | |
| Date: | 21/05/2017 | |
| Contact name and telephone number: | William Devitt 01908 660666 | |

N.B. When notes to the accounts are referred to in the auditor's report a copy of those notes must accompany this return.

**EVERY EMPLOYERS' ASSOCIATION IS REQUIRED BY LAW TO COMPLETE THIS RETURN.
THE REFUSAL OR WILFUL NEGLECT TO PERFORM THIS DUTY IS A CRIMINAL OFFENCE.**

**THERE IS NO LEGAL REQUIREMENT FOR THIS RETURN TO BE "APPROVED" BY THE
GOVERNING BODY OF THE ASSOCIATION BEFORE SUBMISSION TO THE
CERTIFICATION OFFICE**

GUIDANCE ON COMPLETION

GENERAL

1. Unless the Employers' Association has been authorised to make its annual return to another date, this return must be made to 31 December and sent to the Certification Officer as soon as possible, **and at any event before 1 June**.
2. The accounts must, in accordance with the Act, give a true and fair view of the matters to which they relate.
3. The accounts and balance sheet in the annual return of an association working through branches (i.e. not a federation of autonomous bodies) should include the transactions, assets and liabilities of all the branches.
4. Any negative values should be clearly indicated by placing the entry in brackets.
5. Where the space in any account of analysis is insufficient a separate sheet of paper should be attached to the appropriate page to provide the additional space.
6. The summary sheet on page 11 **must** be completed.