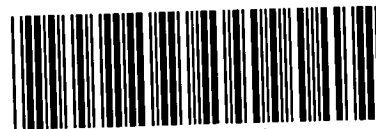


Registered number: 05755179

ARBONNE UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

THURSDAY



A09 *A7FCF5KQ* 27/09/2018 #56
COMPANIES HOUSE

ARBONNE UK LIMITED

CONTENTS

	Page(s)
Company Information	1
Group Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report to the Members of Arbonne UK Limited	6 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Balance Sheet	9
Company Balance Sheet	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13
Notes to the Financial Statements	14 - 35

ARBONNE UK LIMITED

COMPANY INFORMATION

Directors	V Beckett A Good G Price K Zanotti
Company secretary	A Good
Registered number	05755179
Registered office	Unit 16 Basset Court Loake Close Grange Park, Northampton Northamptonshire NN4 5EZ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Midsummer Blvd Milton Keynes MK9 2DF
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ

ARBONNE UK LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the Strategic Report of the Arbonne UK Limited group (the "Group") for the year ended 31 December 2017.

Business review

The Group's principal activities during the year continued to be the provision and distribution of cosmetics and nutritional products via our direct selling business model.

2017 has seen additional revenue growth within Poland, increasing revenue by 18.6% from 2016. This is mainly because of a continuing flow of new consultants coming into the business, growing by 4% in 2017.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance team and Group finance department take on an important oversight role in this regard.

The Company's activities expose it to a significant financial risk being that of currency fluctuations with multiple currencies in operation including US Dollar, GB Pound and Euro.

Currency fluctuations

The Company purchases all its products from the USA and therefore is exposed to movement in the US Dollar to GB Pound exchange rate. The Company minimises the risk of exchange rate fluctuations by operating individual currency bank accounts. 2017 saw a challenging year for the UK based business because of the BREXIT referendum which saw the GB Pound significantly decrease against the US Dollar. A price increase was imposed to alleviate some of the risk whilst the Company continuously monitors currency fluctuations on a daily basis.

ARBONNE UK LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

Financial key performance indicator

The following are the financial key performance indicators that the directors use to monitor the performance of the business.

The Balance Sheet on page 9 shows that the Group's net liabilities have decreased slightly.

The Group's cash levels have decreased by \$3.6mil to \$10mil at the end of the current financial year due to the repayment of intercompany creditors.

Stocks have decreased by \$3.7mil to \$13.2mil at the end of the current financial year.

Creditors due within one year have decreased by \$4.2mil to \$32.7mil at the end of the current financial year, this is in line with the explanation given above.

Revenue

During the first half of 2017 sales were showing a positive increase of 20% compared to 2016. However, the latter half of the year saw a drop of 25% compared to 2016. This overall decrease in sales of 3% compared to 2016 can mainly be attributed to challenging market conditions with the advent of BREXIT and the uncertainties that this has caused for businesses across our market sector.

Profitability

As shown in the Consolidated Statement of Comprehensive Income on page 8 the Group's profitability has increased from the profit of \$32,948 in 2016 to a profit of \$70,417 in 2017..

One of the Company's key measurements of effectiveness of its operations is calculating the gross profit margin. The gross profit margin for the year is at 72% which is up on 70% in 2016. The Company's operating profit margin has remained at 1%. This shows an increase in profit compared to last year, however due to the higher tax charge and the interest payable on the loan relating to the distribution rights has reduced the profit into a loss.

The Company's cash levels have decreased by \$3.8mil at the end of the current financial year from \$13.1mil in 2016 as a result paying off a large number of intercompany creditor balances.

Business strategy and objectives

Arbonne UK Limited's strategy is to enhance sales whilst bringing in new customers and business builders.

The core objectives to meet this strategy are:

- Continuous review of our product line up and new product launches;
- Establish the Company as a brand leader in nutritional products;
- Incentivise business builders effectively and in a timely manner;
- Continuous review of internal and external processes, and make improvements where necessary.

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



V Beckett
Director

Date: 27 September 2018

ARBONNE UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and the consolidated audited financial statements of Arbonne UK Limited (the "Company" and "Group") for the year ended 31 December 2017.

Principal activities

The principal activity of the Group is the sale of Cosmetic products. These products are sold directly to agents who will then sell the products on to a final customer. The Group trades internationally, including within UK, Australia, New Zealand, Poland, and Taiwan.

Results and dividends

The profit for the year, after taxation, amounted to \$70,417 (2016: \$32,948).

The directors do not recommend the payment of a dividend (2016: \$Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

V Beckett
A Good
G Price
K Zanotti

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA. The directors have received confirmation that LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA intend to support the Company for at least one year after these financial statements are signed.

Future developments

The Group expects to maintain their performance in 2018 and remain confident that the performance levels can be improved year on year as the Group builds its reputation and customer base.

Financial risk management

The Company purchases goods and services from overseas suppliers and from Group companies using foreign currencies and is consequently exposed to exchange risk. As many of these transactions are with Group companies, no hedging activities are undertaken.

Due to the nature of the business customer pay upfront for purchases before they are dispatched, as a consequence the Company considers credit risk to be low.

The Company finances its operations through Group borrowings. These facilities have historically been managed by the parent company NPG Inc. and enable the Company and Group to meet its liabilities as they fall due.

Qualifying third party indemnity provisions

During the year the directors have not been provided with Directors' third party indemnity insurance by Arbonne UK Limited.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

The financial statements on pages 8 to 36 were approved by the Board of Directors and signed on its behalf by:



V Beckett
Director

Date: 27 September 2018

Report on the audit of the financial statements

Opinion

In our opinion, Arbonne UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2017 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the company and consolidated balance sheets at 31 December 2017, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the company and consolidated statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 group's and 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARBONNE UK LIMITED (CONTINUED)

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

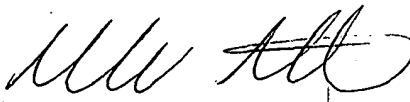
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Mark Foster (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
27 September 2018

ARBONNE UK LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 \$	2016 \$
Turnover	4	91,955,517	94,864,282
Cost of sales		(25,290,705)	(29,326,973)
Gross profit		66,664,812	65,537,309
Administrative expenses		(65,487,765)	(64,412,160)
Operating profit	5	1,177,047	1,125,149
Interest receivable and similar income	8	387	6,392
Interest payable and similar expenses	9	(361,868)	(164,265)
Profit before taxation		815,566	967,276
Tax on profit	10	(745,149)	(934,328)
Profit for the financial year		70,417	32,948
Currency translation differences		-	83
Other comprehensive income for the financial year		-	83
Total comprehensive income for the financial year		70,417	33,031

The notes on pages 14 to 35 form part of these financial statements.

ARBONNE UK LIMITED
REGISTERED NUMBER: 05755179

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Fixed assets			
Intangible assets	11	3,793,493	5,063,084
Tangible assets	12	705,621	844,605
		<u>4,499,114</u>	<u>5,907,689</u>
Current assets			
Stocks	14	13,187,575	16,935,632
Debtors	15	3,386,254	4,179,580
Cash at bank and in hand	16	10,026,603	13,634,252
		<u>26,600,432</u>	<u>34,749,464</u>
Creditors: amounts falling due within one year	17	(32,731,886)	(36,935,128)
Net current liabilities		<u>(6,131,454)</u>	<u>(2,185,664)</u>
Total assets less current liabilities		<u>(1,632,340)</u>	<u>3,722,025</u>
Creditors: amounts falling due after more than one year	18	-	(5,399,358)
Deferred taxation	20	-	(25,424)
Net liabilities		<u>(1,632,340)</u>	<u>(1,702,757)</u>
Capital and reserves			
Called up share capital	21	148	148
Other reserves	22	(2,590,716)	(2,590,716)
Profit and loss account	22	958,228	887,811
Total shareholders' deficit		<u>(1,632,340)</u>	<u>(1,702,757)</u>

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



V Beckett
Director

Date: 27 September 2018


The notes on pages 14 to 35 form part of these financial statements.

ARBONNE UK LIMITED
REGISTERED NUMBER: 05755179

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 \$	2016 \$
Fixed assets			
Intangible assets	11	3,793,493	5,063,084
Tangible assets	12	664,567	785,824
Investments	13	25,100	25,100
		<u>4,483,160</u>	<u>5,874,008</u>
Current assets			
Stocks	14	13,187,575	16,935,634
Debtors	15	3,709,731	3,899,646
Cash at bank and in hand	16	9,325,303	13,150,835
		<u>26,222,609</u>	<u>33,986,115</u>
Creditors: amounts falling due within one year	17	(32,337,515)	(36,484,015)
Net current liabilities		<u>(6,114,906)</u>	<u>(2,497,900)</u>
Total assets less current liabilities		<u>(1,631,746)</u>	<u>3,376,108</u>
Creditors: amounts falling due after more than one year	18	-	(5,399,358)
Provisions for liabilities			
Deferred taxation	20	-	(25,424)
Net liabilities		<u>(1,631,746)</u>	<u>(2,048,674)</u>
Capital and reserves			
Called up share capital	21	148	148
Other reserves	22	(2,488,294)	(2,488,294)
Profit and loss account brought forward	22	439,472	708,986
Profit/(loss) for the financial year		416,928	(181,944)
Other changes in the profit and loss account		-	(87,570)
		<u>856,400</u>	<u>439,472</u>
Total shareholders' deficit		<u>(1,631,746)</u>	<u>(2,048,674)</u>

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


V Beckett
 Director 27 September 2018

The notes on pages 14 to 35 form part of these financial statements.

ARBONNE UK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds/(deficit)
	\$	\$	\$	\$
On 1 January 2016	148	(102,422)	854,780	752,506
Comprehensive income for the financial year				
Profit for the financial year	-	-	32,948	32,948
Currency translation differences	-	-	83	83
Other comprehensive income for the financial year	-	-	83	83
Total comprehensive income for the financial year	-	-	33,031	33,031
Contributions by and distributions to owners				
Merger reserve on group reconstruction	-	(2,488,294)	-	(2,488,294)
Total transactions with owners	-	(2,488,294)	-	(2,488,294)
At 31 December 2016 and 1 January 2017	148	(2,590,716)	887,811	(1,702,757)
Comprehensive income for the financial year				
Profit for the financial year	-	-	70,417	70,417
Total comprehensive income for the financial year	-	-	70,417	70,417
At 31 December 2017	148	(2,590,716)	958,228	(1,632,340)

The notes on pages 14 to 35 form part of these financial statements.

ARBONNE UK LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital	Other reserves	Profit and loss account	Total shareholders' funds/(deficit)
	\$	\$	\$	\$
At 1 January 2016	148	-	708,986	709,134
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(181,944)	(181,944)
Currency translation differences	-	-	(87,570)	(87,570)
Total comprehensive expense for the financial year	-	-	(269,514)	(269,514)
Contributions by and distributions to owners				
Merger reserve on group reconstruction	-	(2,488,294)	-	(2,488,294)
At 31 December 2016 and 1 January 2017	148	(2,488,294)	439,472	(2,048,674)
Comprehensive income for the financial year				
Profit for the financial year	-	-	416,928	416,928
Total comprehensive income for the financial year	-	-	416,928	416,928
At 31 December 2017	148	(2,488,294)	856,400	(1,631,746)

ARBONNE UK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 \$	2016 \$
Cash flows (used in)/generated from operating activities		
Profit for the financial year	70,417	32,948
Adjustments for:		
Amortisation of intangible assets	1,269,591	1,272,676
Depreciation of tangible assets	399,781	113,565
Loss on disposal of tangible assets	1,051	784
Interest payable and similar expenses	361,868	164,265
Interest receivable and similar income	(387)	(6,392)
Taxation charge	745,149	934,328
Decrease/(Increase) in stocks	3,748,057	(8,151,592)
Increase in debtors	1,243,762	(931,187)
(Decrease)/increase in creditors	(9,749,738)	13,374,640
Corporation tax paid	(1,073,871)	(202,528)
Net cash (used in)/generated from operating activities	(2,984,320)	6,601,507
Cash flows (used in)/generated from investing activities		
Purchase of tangible fixed assets	(262,028)	(800,744)
Sale of tangible fixed assets	180	-
Purchase of investments	-	(25,100)
Interest received	387	6,392
Purchase of businesses, net cash acquired	-	7,211,374
Net cash (used in)/generated from investing activities	(261,461)	6,391,922
Cash flows used in financing activities		
Interest paid	(361,868)	(164,265)
Net cash used in financing activities	(361,868)	(164,265)
Net (decrease)/increase in cash and cash equivalents	(3,607,649)	12,829,164
Cash and cash equivalents at beginning of financial year	13,634,252	805,088
Cash and cash equivalents at the end of financial year	10,026,603	13,634,252
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	10,026,603	13,634,252

The notes on pages 14 to 35 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. General information

Arbonne UK Limited (the "Company" and "Group") is a private limited company, incorporated in United Kingdom, registered number 05755179. The address of its principal place of business is Unit 16 Basset Court, Lake Close, Grange Park, Northampton, Northamptonshire, NN4 5EZ.

The principal activity of the group is the sale of Cosmetic products. These products are sold directly to agents who will then sell the products on to a final customer. The group trades internationally, including within UK, Australia, New Zealand, Poland, and Taiwan.

2. Accounting policies

2.1 Basis of preparation of financial statements

These consolidated and separate financial statements have been prepared on a going concern basis, under the historical cost convention 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied consistently throughout the year:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the merger accounting method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are recognised at book value at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.3 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in these consolidated financial statements.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

2.4 Going concern

The financial statements have been prepared on a going concern basis. The Company has received confirmation from the ultimate global parent company LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA, that sufficient funds will continue to be available for the Company to settle its liabilities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, which is estimated to be five years.

Amortisation is included in administrative expenses in the Consolidated Statement of Comprehensive income.

2.7 Tangible assets

Tangible assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.7 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- Straight line over the life of the lease
Plant and machinery	- 20% - 25% straight line
Fixtures and fittings	- 20% - 25% straight line
Computer equipment	- 33% Straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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 the 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 Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

2.15 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Operating leases

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.17 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations; when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.21 Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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

In the application of the group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Stock provisioning

The company sells cosmetic products and is subject to changing customer demands and trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of the products. See Note 14 for the net carrying amount of the stock and associated provision.

Impairment of intangible assets

The Group considers whether intangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 \$	2016 \$
Sales	89,828,252	92,934,623
Other events	2,127,265	1,929,659
	<u>91,955,517</u>	<u>94,864,282</u>

Analysis of turnover by country of destination:

	2017 \$	2016 \$
United Kingdom	33,890,859	34,079,140
Australia	46,942,415	53,665,179
Europe	2,977,971	2,510,330
Rest of the world	8,144,272	4,609,633
	<u>91,955,517</u>	<u>94,864,282</u>

5. Operating profit

The operating profit is stated after charging/(crediting):

	2017 \$	2016 \$
Depreciation of tangible assets	399,781	113,565
Impairment of stock	507,748	1,211,000
Amortisation of intangible assets	1,269,591	1,272,676
Exchange differences	1,141,324	(2,079,849)
Operating lease charges	337,900	292,014
Loss on disposal of tangible assets	1,051	784
	<u>3,057,395</u>	<u>1,810,190</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

6. Auditors' remuneration

	2017 \$	2016 \$
Fees payable to the Group's auditors for the audit of the Group's annual financial statements	133,000	122,550
Fees payable to the Group's auditors for the audit of the subsidiaries' annual financial statements	88,250	65,000
	<u>221,250</u>	<u>187,550</u>
Fees payable to the Group's auditors in respect of:		
Other services relating to taxation	188,819	90,061
All other services	-	6,500
	<u>188,819</u>	<u>96,561</u>

7. Employees and directors' remuneration

Directors' remuneration paid by the group is \$362,135 (2016: \$Nil) and this remuneration relates to one director.

Key management personnel received total remuneration of \$Nil (2016: \$341,579).

Group

Staff costs for the group, including directors' remuneration, were as follows:

	2017 \$	2016 \$
Wages and salaries	4,244,200	3,666,819
Social security costs	211,992	197,732
Other pension costs	217,824	236,056
	<u>4,674,016</u>	<u>4,100,607</u>

The average monthly number of employees for the group, including the directors, during the year was as follows:

	2017 Number	2016 Number
United Kingdom	34	31
Australia	26	26
Poland	2	2
Taiwan	13	4
	<u>75</u>	<u>63</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
7. Employees and directors remuneration (continued)

The average monthly number of employees for the group by activity, including the directors, during the year was as follows:

	2017 Number	2016 Number
Executive	7	5
Accounting	8	6
Operations	4	4
Marketing	23	19
Customer service	33	29
	<u>75</u>	<u>63</u>
	<u><u>2017</u></u>	<u><u>2016</u></u>
	<u>\$</u>	<u>\$</u>
Wages and salaries	2,487,778	1,956,643
Social security costs	141,404	143,233
Other pension costs	79,483	86,161
	<u>2,708,665</u>	<u>2,186,037</u>

The average monthly number of employees for the parent company, including the directors, during the year was as follows:

	2017 Number	2016 Number
United Kingdom	34	31
Poland	2	2
Taiwan	13	4
	<u>49</u>	<u>37</u>

The average monthly number of employees for the company by activity, including the directors, during the year was as follows:

	2017 Number	2016 Number
Executive	3	3
Accounting	5	3
Operations	4	2
Marketing	17	12
Customer service	20	17
	<u>49</u>	<u>37</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Interest receivable and similar income

	2017 \$	2016 \$
Other interest receivable	<u>387</u>	<u>6,392</u>

9. Interest payable and similar expenses

	2017 \$	2016 \$
Bank interest payable	2,238	-
Interest expense from from group undertakings	359,630	164,265
	<u>361,868</u>	<u>164,265</u>

10. Taxation

	2017 \$	2016 \$
Corporation tax		
Current tax on profits for the year	512,497	792,499
Adjustments in respect of previous periods	177,029	-
	<u>689,526</u>	<u>792,499</u>
Foreign tax		
Foreign tax on income for the year	517,511	116,405
Total current tax	<u>1,207,037</u>	<u>908,904</u>
Deferred tax		
Origination and reversal of timing differences	(1,200)	30,072
Changes to tax rates	140	(4,648)
Adjustment in respect of previous years	(460,828)	-
Total deferred tax	<u>(461,888)</u>	<u>25,424</u>
Taxation on profit on ordinary activities	<u>745,149</u>	<u>934,328</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%). The differences are explained below:

	2017 \$	2016 \$
Profit before tax	<u>815,566</u>	<u>967,276</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	156,996	193,455
Effects of:		
Expenses not deductible for tax purposes	627,459	743,690
Tax rate changes	140	(4,648)
Adjustments in respect of prior years	(283,799)	-
Other	-	1,831
Deferred tax not provided	244,353	-
Total tax charge for the year	<u>745,149</u>	<u>934,328</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using this enacted tax rate and reflected in these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Intangible assets

Group

	Customer contracts and logistic agreements \$
Cost	
At 1 January 2017	6,347,955
At 31 December 2017	6,347,955
Accumulated amortisation	
At 1 January 2017	1,284,871
Charge for the year	1,269,591
At 31 December 2017	2,554,462
Net book value	
At 31 December 2017	3,793,493
At 31 December 2016	5,063,084

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

11. Intangible assets (continued)

Company

	Customer contracts and logistic agreements \$
Cost	
At 1 January 2017	6,347,955
At 31 December 2017	<u>6,347,955</u>
Accumulated amortisation	
At 1 January 2017	1,284,871
Charge for the year	<u>1,269,591</u>
At 31 December 2017	<u>2,554,462</u>
Net book value	
At 31 December 2017	<u><u>3,793,493</u></u>
At 31 December 2016	<u><u>5,063,084</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible assets

Group

	Leasehold property \$	Plant and machinery \$	Fixtures and fittings \$	Computer equipment \$	Total \$
Cost					
At 1 January 2017	643,803	-	208,321	904,473	1,756,597
Additions	60,134	2,787	18,912	180,195	262,028
Disposals	-	-	-	(1,705)	(1,705)
At 31 December 2017	<u>703,937</u>	<u>2,787</u>	<u>227,233</u>	<u>1,082,963</u>	<u>2,016,920</u>
Accumulated depreciation					
At 1 January 2017	329,575	-	123,814	458,603	911,992
Charge for the year	151,903	-	41,004	206,874	399,781
Disposals	-	-	-	(474)	(474)
At 31 December 2017	<u>481,478</u>	<u>-</u>	<u>164,818</u>	<u>665,003</u>	<u>1,311,299</u>
Net book value					
At 31 December 2017	<u>222,459</u>	<u>2,787</u>	<u>62,415</u>	<u>417,960</u>	<u>705,621</u>
At 31 December 2016	<u>314,228</u>	<u>-</u>	<u>84,507</u>	<u>445,870</u>	<u>844,605</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

12. Tangible assets (continued)

Company

	Leasehold property \$	Fixtures and fittings \$	Computer equipment \$	Total \$
Cost				
At 1 January 2017	583,676	145,035	717,604	1,446,315
Additions	55,222	13,743	171,391	240,356
Disposals	-	-	(1,705)	(1,705)
At 31 December 2017	<u>638,898</u>	<u>158,778</u>	<u>887,290</u>	<u>1,684,966</u>
Accumulated depreciation				
At 1 January 2017	281,773	94,996	283,722	660,491
Charge for the year	138,538	25,119	196,725	360,382
Disposals	-	-	(474)	(474)
At 31 December 2017	<u>420,311</u>	<u>120,115</u>	<u>479,973</u>	<u>1,020,399</u>
Net book value				
At 31 December 2017	<u>218,587</u>	<u>38,663</u>	<u>407,317</u>	<u>664,567</u>
At 31 December 2016	<u>301,903</u>	<u>50,039</u>	<u>433,882</u>	<u>785,824</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Arbonne Australia PTY LTD	Ordinary	100 %	Wholesale of perfume and cosmetics
Arbonne Germany GMBH	Ordinary	100 %	Wholesale of perfume and cosmetics

Name	Registered office
Arbonne Australia PTY LTD	1 Wonderland Dr, Eastern Creek, NSW 2766, Australia
Arbonne Germany GMBH	Ottostr. 4, c/o Langwieser Rechtsanwälte Partnerschaft, 80333 München, Germany

Company

	Investments in subsidiary companies \$
Cost	
At 1 January 2017	25,100
At 31 December 2017	<u>25,100</u>
Net book value	
At 31 December 2017	<u>25,100</u>
At 31 December 2016	<u>25,100</u>

14. Stocks

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Finished goods and goods for resale	<u>13,187,575</u>	<u>16,935,632</u>	<u>13,187,575</u>	<u>16,935,634</u>

Stock recognised in cost of sales during the year as an expense was \$20,045,128 (2016: \$21,745,000).

Group stock are stated after provisions for impairment of \$591,518 (2016: \$673,207).

Company stock are stated after provisions for impairment of \$591,518 (2016: \$673,207).

There is no significant difference between the replacement cost of the inventory and its carrying amount.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
15. Debtors

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Trade debtors	3,966	23,155	3,966	23,155
Amounts owed by group undertakings	2,361,089	2,175,897	2,846,716	2,565,803
Other debtors	25,100	1,038,539	-	667,055
Prepayments and accrued income	559,635	941,989	422,585	643,633
Deferred taxation	436,464	-	436,464	-
	<u>3,386,254</u>	<u>4,179,580</u>	<u>3,709,731</u>	<u>3,899,646</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Group and company trade debtors are stated after provisions for impairment of \$nil (2016: \$nil).

16. Cash at bank and in hand

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Cash at bank and in hand	10,026,603	13,634,252	9,325,303	13,150,835

17. Creditors: amounts falling due within one year

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Trade creditors	1,182,846	771,068	1,094,649	727,026
Amounts owed to group undertakings	22,455,518	27,470,578	23,373,992	28,053,141
Corporation tax	835,993	688,855	860,289	749,628
Other taxation and social security	608,019	97,346	637,162	55,841
Accruals and deferred income	7,649,510	7,907,281	6,371,423	6,898,379
	<u>32,731,886</u>	<u>36,935,128</u>	<u>32,337,515</u>	<u>36,484,015</u>

Included in amounts owed to group undertakings is an unsecured intercompany loan to Arbonne Europe GmbH at an interest rate of 3% per annum with maturity date of 31 December 2018. The amount of the principal outstanding is £4,275,000 at 31 December 2017 (2016: £4,275,000).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. Creditors: amounts falling due after more than one year

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Amounts owed to group undertakings	-	5,399,358	-	5,399,358

Amounts owed to group undertakings relate to an unsecured intercompany loan to Arbonne Europe GmbH at an interest rate of 3% per annum with maturity date of 31 December 2018.

19. Financial instruments

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Financial assets				
Financial assets that are debt instruments measured at amortised cost	2,390,155	3,237,591	2,850,682	3,256,013
Financial liabilities				
Financial liabilities measured at amortised cost	(28,684,542)	(41,522,861)	(28,236,733)	(41,077,904)

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise of other loans, trade creditors, amounts owed to group undertakings, other creditors and accruals, but does not include deferred revenue.

20. Deferred taxation

Group

	2017 \$
At beginning of year	(25,424)
Credited to profit or loss	461,888
At end of year	436,464

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

20. Deferred taxation (continued)

Company

	2017 \$
At beginning of year	(25,424)
Credited to profit or loss	461,888
At end of year	436,464

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Fixed asset timing differences	(47,695)	(27,588)	(47,695)	(27,588)
Tax losses carried forward	3,020	-	3,020	-
Short term timing difference	481,139	2,164	481,139	2,164
	436,464	(25,424)	436,464	(25,424)

21. Called up share capital

	2017 \$	2016 \$
Allotted, called up and fully paid		
148 (2016: 148) Ordinary share shares of \$ 1.48 (2016: \$1.48) each	148	148

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

22. Reserves

Other reserves

Other reserves represent merger reserves following group restructuring.

Profit and loss account

The profit and loss account represents the cumulative profits and losses of the group less any distributions made to the owners of the group.

23. Pension commitments

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group. Contribution payable of \$217,824 (2016: \$236,056) were charged to the statement of comprehensive income during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

24. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 \$	Group 2016 \$	Company 2017 \$	Company 2016 \$
Not later than 1 year	362,897	255,381	245,751	146,931
Later than 1 year and not later than 5 years	111,843	246,167	106,809	211,948
	474,740	501,548	352,560	358,879

25. Related party transactions

The Company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group.

26. Ultimate parent undertaking and controlling party

The immediate parent company is Arbonne Global Holdings Inc. a company incorporated in the USA. NPG group were the ultimate parent at the balance sheet date of 31 December 2017, however on 16 March 2018, the group was acquired by LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA and as such the ultimate parent at the date of signing.

The smallest group for which group financial statements are prepared is Arbonne UK Limited and the largest group for which group financial statements are prepared is LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA.