

Neal's Yard Remedies (Home) Limited

**Director's report and financial
statements**

Registered number 06828905

31 March 2013

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Director's report

The directors present the Director's report and financial statements of Neal's Yard Remedies (Home) Limited ("The Company") for the year ended 31 March 2013

Principal activities

The principal activity of the Company is the wholesale of organic natural health and beauty products including natural skincare, cosmetics and natural remedies

Business review

The business sells Neal's Yard Remedies products through a network of independent NYR Organic consultants. The business has traded successfully during the year, building the foundation for its continued growth and future profitability.

The Company owns a subsidiary company, NYR Organic Inc, incorporated in the USA. This subsidiary sells Neal's Yard Remedies products in USA and is growing well in the early stage of its development.

Key Performance Indicators

As well as profit, the business uses several key performance indicators (KPI's) to measure its results.

A key performance indicator for the business is sales growth. During the year the business has achieved sales of £4,451,974 (2012 £4,226,436) a 5% increase.

A further key performance indicator is the level and growth in the number of consultants. During the year the number of consultants registered with the Company in the UK grew from 4,345 to 5,045.

Principal risks and uncertainties

The business involves a series of risks in commercial, operational and financial areas. These are managed by the director and the management team to balance the requirement for urgent, entrepreneurial building of the business in the early years of its trading along with a controlled approach to the management of investment and cash flow.

The commercial risks of operating a business in its early years in a competitive environment are managed and controlled through ensuring the business is run by professional and experienced managers, through the excellence of its training programme and the quality of the products being sold.

The business has the benefit of the excellent quality control and business knowledge within other channels of Neal's Yard Remedies.

Financial risks are managed through regular and frequent review of the management accounts, trading forecasts and cash flow forecasts. Currency fluctuation with the US Dollar is also monitored closely to ensure risks associated with the US subsidiary are anticipated and controlled.

Directors

The directors who held office during the year were as follows:

P Kindersley
C Atkinson (resigned 20 April 2012)

Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that there is no relevant audit information of which the Company's auditor is unaware, and that the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

KPMG LLP were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting

By order of the board



P Kindersley
Director

Neal's Yard Remedies (Home) Ltd
Peacemarsh
Gillingham
Dorset
SP8 4EU

21 August 2013

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Notes (continued)

12 Called up share capital

	2013 £	2012 £
Allotted, issued and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

13 Reserves

	2013 £
Profit and loss reserve	
Balance at 1 April 2012	(899,148)
Loss for the year	(341,921)
Balance at 31 March 2013	<u>(1,241,069)</u>

14 Related party disclosures

Mr P Kindersley provided loans to Neal's Yard Remedies (Home) Limited, the amount owed at the year end was £1,111,903 (2012 £1,096,627)

No interest is payable on the loans and they are repayable on demand

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Neal's Yard Holdings Limited which is the ultimate parent company incorporated in the United Kingdom

Independent auditor's report to the members of Neal's Yard Remedies (Home) Limited

We have audited the financial statements of Neal's Yard Remedies (Home) Limited for the year ended 31 March 2013 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they 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 web-site 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 company's affairs as at 31 March 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Neal's Yard Remedies (Home) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



Antonio Antonius (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
100 Temple Street
Bristol
BS1 6AG

27 August 2013

Profit and Loss Account
for the year ended 31 March 2013

	<i>Note</i>	2013	2012
		£	£
Turnover	2	4,451,974	4,226,436
Cost of sales		(2,866,232)	(2,709,510)
Gross profit		1,585,742	1,516,926
Distribution costs		(247,391)	(201,055)
Administrative expenses		(1,680,272)	(1,691,383)
Loss on ordinary activities before taxation		(341,921)	(375,512)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	13	(341,921)	(375,512)

All results arose from continuing operations

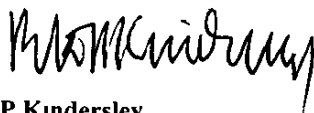
There were no recognised gains or losses for either period other than the results shown above

The notes on pages 9 to 14 form part of these financial statements

Balance Sheet
at 31 March 2013

	<i>Note</i>	2013 £	2012 £
Fixed assets			
Tangible assets	7	32,410	4,375
Investments	8	608	608
		<u>33,018</u>	<u>4,983</u>
Current assets			
Stocks	9	157,614	175,990
Debtors	10	2,015,358	1,850,356
Cash at bank and in hand		261,960	257,923
		<u>2,434,932</u>	<u>2,284,269</u>
Creditors: amounts falling due within one year	11	<u>(3,209,019)</u>	<u>(2,688,400)</u>
Net current liabilities		<u>(774,087)</u>	<u>(404,131)</u>
Net liabilities		<u>(741,069)</u>	<u>(399,148)</u>
Capital and reserves			
Called up share capital	12	500,000	500,000
Profit and loss account	13	(1,241,069)	(899,148)
Shareholders' deficit		<u>(741,069)</u>	<u>(399,148)</u>

These financial statements were approved by the board of directors on 21 August 2013 and were signed on its behalf by



P Kindersley
Director

Company registered number 6828905

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 March 2013

	2013 £	2012 £
Loss for the financial year	(341,921)	(375,512)
Opening shareholders' deficit	(399,148)	(23,636)
Closing shareholders' deficit	<u>(741,069)</u>	<u>(399,148)</u>

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £741,069 (2012 £399,148) which the director believes to be appropriate for the following reasons. The Company meets its day to day working capital requirements through shareholder loans. The Company's ultimate controlling party, Mr P Kindersley has indicated that for at least 12 months from the date of approval of these financial statements and for the foreseeable future, he will continue to make available such funds as are needed by the Company. The director considers that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any Company placing reliance on an individual for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, there is no reason to believe that it will not do so. If the Company were unable to continue to trade, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Neal's Yard Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Fixed assets and depreciation

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

Fixtures and fittings	-	3 years
Computer hardware	-	3 years

Foreign currencies

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

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes (continued)

1 Accounting policies (continued)

Taxation

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

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

Turnover

Turnover is the total amount receivable by the Company for goods supplied, excluding VAT. Turnover is recognised at the point of delivery, when all risks and rewards have been transferred to the customer in accordance with FRS5

2 Segmental analysis

	2013 £	2012 £
<i>By geographical market</i>		
UK	4,348,825	4,226,436
Europe	103,149	-
Balance at 31 March 2013	4,451,974	4,226,436

The director considers the Company to have a single class of business as the Company's activities consist solely of direct selling natural and organic health and beauty products

3 Notes to the profit and loss accounts

	2013 £	2012 £
<i>Loss on ordinary activities before taxation is stated after charging.</i>		
Depreciation and other amounts written off tangible fixed assets	5,010	13,715
Foreign exchange loss	15,271	814
<i>Remuneration receivable by the auditors and their associates in respect of:</i>		
Statutory audit	9,000	9,000

Notes (continued)

4 Staff numbers and costs

The company has three employees (2012 three) The aggregate of payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	182,620	172,193
Social security costs	21,295	20,836
Other pension costs	7,444	7,781
	<u>211,359</u>	<u>200,810</u>

5 Directors' emoluments

The directors received £Nil (2012 £Nil) emoluments in respect of their services to the Company during the year

6 Taxation

	2013 £	2012 £
Total current tax	-	-

Factors affecting the tax charge for the year

The current tax charge for the year is higher (2012 higher) than the standard rate of corporation tax in the UK 24%, (2012 26%) The differences are explained below

Loss on ordinary activities before tax	(341,921)	(375,512)
Loss on ordinary activities before tax multiplied by standard rate of UK corporation tax of 24% (2012 26%)	(82,061)	(97,633)
Expenses not deductible for tax purposes	-	350
Group relief surrendered	83,018	-
Depreciation in excess of capital allowances	(957)	2,465
Unrelieved tax losses	-	94,818
Total current tax charge (see above)	-	-

A deferred tax asset of £204,183 (2012 £214,017) has not been recognised on the grounds that there is insufficient evidence that the asset will be recovered

Notes (continued)

7 Fixed Assets

	Fixtures and fittings	Computer hardware	Total
	£	£	£
Cost			
At 1 April 2012	1,731	39,416	41,147
Additions	-	33,045	33,045
At 31 March 2013	1,731	72,461	74,192
Depreciation			
At 1 April 2012	1,590	35,182	36,772
Charge for the year	141	4,869	5,010
At 31 March 2013	1,731	40,051	41,782
Net book value			
At 31 March 2013	-	32,410	32,410
At 31 March 2012	141	4,234	4,375

Notes (continued)

8 Investments

	Shares in group undertakings £
Cost	
At beginning and end of year	608

The Company owns 100% of the share capital of NYR Organic Inc, which is incorporated in USA. The principal activity of NYR Organic Inc is the wholesale of organic natural health and beauty products including natural skincare, cosmetics and natural remedies.

NYR Organic Inc has generated a loss for the year of £573,728 and has a capital and reserves deficit of £3,024,250.

Notes (continued)

9 Stocks

	2013 £	2012 £
Finished goods and goods for resale	157,614	175,990

10 Debtors

	2013 £	2012 £
Amount owed by group undertakings	1,877,955	1,741,250
Other debtors	137,403	109,106
	2,015,358	1,850,356

11 Creditors amounts falling due within one year

	2013 £	2012 £
Trade creditors	108,953	192,424
Taxation	117,950	19,644
Accruals and deferred income	304,070	318,333
Related party creditor	1,566,143	1,061,372
Loans (note 14)	1,111,903	1,096,627
	3,209,019	2,688,400

Notes (continued)

12 Called up share capital

	2013	2012
	£	£
Allotted, issued and fully paid		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>

13 Reserves

	2013
	£
Profit and loss reserve	
Balance at 1 April 2012	(899,148)
Loss for the year	<u>(341,921)</u>
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