

Neal's Yard Remedies (Home) Limited

Annual report and financial statements

Registered number 06828905

31 March 2014



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Strategic report

Neal's Yard Remedies (Home) Limited is the wholesaler of organic natural health and beauty products including natural skincare, cosmetics and natural remedies under the Neal's Yard Remedies brand.

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 continues to grow well at this stage of its development.

During the year the Company continued to grow well, achieving a milestone of £5 million sales for the year. Consultant numbers also increased well during the year and the Company is well positioned to continue growing in future years.

EBITDA for the year improved strongly to £601,406 for the year (2013: loss £336,911).

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 company has achieved sales of £5,032,600 (2013: £4,451,974) an increase of 13%.

EBITDA is also a key indicator with the performance for the year noted above.

Principal risks and uncertainties

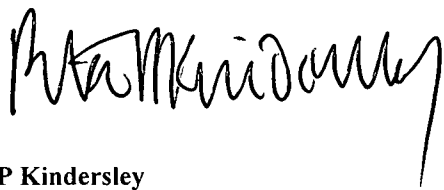
The business involves a series of risks in commercial, operational and financial areas. These are managed by the director and the management team to balance the requirement for urgent, entrepreneurial building of the business in the early years of its trading along with a controlled approach to the management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

By order of the board



P Kindersley
Director

3 September 2014

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

Directors' report

The directors present the Directors' report and financial statements of Neal's Yard Remedies (Home) Limited ("The Company") for the year ended 31 March 2014.

Directors

The directors who held office during the year and up until the date of signing these accounts were as follows:

P Kindersley

B Kindersley (appointed 2 July 2014)

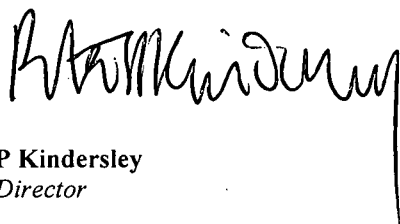
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirms that there is no relevant audit information of which the Company's auditor is unaware; and that the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

3 September 2014

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

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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 2014 set out on pages 6 to 16. 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 Directors' Responsibilities Statement set out on page 3, the directors are 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 Councils 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 2014 and of its profit 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 Strategic Report and 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;



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

5 September 2014

Profit and Loss Account
for the year ended 31 March 2014

	<i>Note</i>	2014 £	2013 £
Turnover	2	5,032,600	4,451,974
Cost of sales		(2,595,632)	(2,866,232)
Gross profit		2,436,968	1,585,742
Distribution costs		(330,723)	(247,391)
Administrative expenses		(1,515,550)	(1,680,272)
Profit / (Loss) on ordinary activities before taxation		590,695	(341,921)
Tax on profit/(loss) on ordinary activities	6	59,411	-
Profit / (Loss) for the financial year	14	650,106	(341,921)

All results arose from continuing operations.

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

The notes on pages 9 to 16 form part of these financial statements.

Balance Sheet
at 31 March 2014

	<i>Note</i>	2014 £	2013 £
Fixed assets			
Tangible assets	7	21,679	32,410
Investments	8	608	608
		<u>22,287</u>	<u>33,018</u>
Current assets			
Stocks	9	156,542	157,614
Debtors	10	2,231,929	2,015,358
Cash at bank and in hand		56,189	261,960
		<u>2,444,660</u>	<u>2,434,932</u>
Creditors: amounts falling due within one year	11	<u>(2,557,910)</u>	<u>(3,209,019)</u>
Net current liabilities		<u>(113,250)</u>	<u>(774,087)</u>
Net liabilities		<u>(90,963)</u>	<u>(741,069)</u>
Capital and reserves			
Called up share capital	13	500,000	500,000
Profit and loss account	14	(590,963)	(1,241,069)
Shareholders' deficit		<u>(90,963)</u>	<u>(741,069)</u>

These financial statements were approved by the board of directors on 3 September 2014 and were signed on its behalf by:



P Kindersley
Director

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 March 2014

	2014 £	2013 £
Profit / (Loss) for the financial year	650,106	(341,921)
Opening shareholders' deficit	(741,069)	(399,148)
Closing shareholders' deficit	<u>(90,963)</u>	<u>(741,069)</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.

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. The results of the group are presented within the consolidated accounts of Neal's Yard Holdings Limited.

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.

Going concern

The financial statements are prepared on a going concern basis notwithstanding net liabilities of £90,963 (2013: £741,069) which the directors believe to be appropriate for the following reason. The Company's ultimate controlling party is Peter Kindersley and he 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 directors consider 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 directors acknowledge 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.

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.

Investment

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less impairment.

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.

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

2 Segmental analysis

	2014 £	2013 £
By geographical market		
UK	4,862,937	4,348,825
Europe	169,663	103,149
Total	5,032,600	4,451,974

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

	2014 £	2013 £
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets	10,731	5,010
Foreign Exchange (Gain) / Loss	(27,338)	15,271
Remuneration receivable by the auditors and their associates in respect of:		
Audit of financial statements pursuant to legislation	9,000	9,000

Fees paid to the company's auditor and its associates for services other than statutory audit of the company are not disclosed in the company's accounts since the consolidated accounts of the company's parent, Neals Yard Holdings Limited are required to disclose non audit fees on a consolidated basis

Notes (continued)

4 Staff numbers and costs

The company has three employees (2013: three). The aggregate of payroll costs of these persons were as follows:

	2014	2013
	£	£
Wages and salaries	186,354	182,620
Social security costs	22,532	21,295
Other pension costs	8,691	7,444
	<u>217,577</u>	<u>211,359</u>

5 Directors' emoluments

The directors received £Nil (2013: £Nil) emoluments in respect of their services to the Company during the year.

6 Taxation

Analysis of (credit)/charge in year

	2014		2013	
	£	£	£	£
UK Corporation tax				
Current tax on income in the year	-		-	
Adjustments in respect of prior years	-		-	
Total Current tax	<u>-</u>		<u>-</u>	
Deferred tax (see note 12)				
Origination/reversal of timing differences	(59,412)		1	
Effect of tax rate change on opening balances	1		(1)	
Total deferred tax		(59,411)		-
Tax (credit) / charge on profit/(loss) on ordinary activities		<u>(59,411)</u>		<u>-</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge/(credit) for the current year

The current tax charge for the year is lower (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below

	2014 £	2013 £
Current tax reconciliation		
Profit / (Loss) on ordinary activities before tax	590,695	(341,921)
	<u> </u>	<u> </u>
Current tax at 23% (2013: 24%)	135,860	(82,061)
Effects of:		
Depreciation in excess of capital allowances	771	(957)
Utilisation of tax loss and other deductions	(136,631)	-
Group Relief claimed	-	83,018
	<u> </u>	<u> </u>
Total current tax charge (see above)	-	-
	<u> </u>	<u> </u>

Factors that may affect future current and total tax charges

Finance Bill 2013 included reductions in the UK corporation tax rate to 20 percent by 1 April 2015.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 March 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Fixed Assets

	Fixtures and fittings	Computer hardware	Total
	£	£	£
Cost			
At 1 April 2013	1,731	72,461	74,192
Additions	-	-	-
At 31 March 2014	1,731	72,461	74,192
Depreciation			
At 1 April 2013	1,731	40,051	41,782
Charge for the year	-	10,731	10,731
At 31 March 2014	1,731	50,782	52,513
Net book value			
At 31 March 2014	-	21,679	21,679
At 31 March 2013	-	32,410	32,410

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 profit for the year of £113,599 and has a capital and reserves deficit of £2,802,591.

The Directors consider the investment in Neal's Yard Organic Inc to be recoverable based on forecasts of future positive cash generation.

Notes (continued)

9 Stocks

	2014 £	2013 £
Finished goods and goods for resale	156,542	157,614

10 Debtors

	2014 £	2013 £
Amount owed by group undertakings	2,021,075	1,877,955
Other debtors	151,443	137,403
Deferred tax assets	59,411	-
	2,231,929	2,015,358

No amounts are due after more than one year

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	86,115	108,953
VAT	216,654	117,950
Accruals and deferred income	391,024	304,070
Intercompany creditor	779,092	1,566,143
Loans (note 15)	1,085,025	1,111,903
	2,557,910	3,209,019

Notes (continued)

12 Deferred taxation

	Deferred Taxation £
At beginning of year	-
Charge to profit and loss for the year (Note 6)	59,411
At end of year	59,411

The elements of deferred taxation are as follows:

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	2,386	-
Tax losses carried forward	57,025	-
	59,411	-

Deferred tax has been recognised on capital allowances and is included in Debtors (Note 10).

13 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i> 500,000 ordinary shares of £1 each	500,000	500,000

14 Reserves

	2014 £
Profit and loss reserve	
Balance at 1 April 2013	(1,241,069)
Profit for the year	650,106
Balance at 31 March 2014	(590,963)

Notes *(continued)*

15 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £8,691 (2013: £7,444).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

16 Related party disclosures

Mr P Kindersley provided loans to Neal's Yard Remedies (Home) Limited, the amount owed at the year end was £1,085,025 (2013: £1,111,903).

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

17 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.