

Neal's Yard Remedies (Home) Limited

Annual report and financial statements

Registered number 06828905

31 March 2015

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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 £6,160k 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 £1,023k for the year (2014: £602k).

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 £6,160k (2014: £5,033k) an increase of 22%.

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 directors 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

22 September 2015

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 2015.

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)

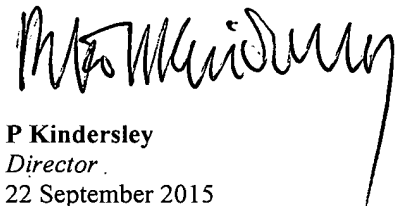
Disclosure of information to auditor

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
22 September 2015

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 2015 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 2015 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

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

24 September 2015

Profit and Loss Account
for the year ended 31 March 2015

		2015 £	2014 £
Turnover	2	6,160	5,033
Cost of sales		(2,899)	(2,596)
Gross profit		3,261	2,437
Distribution costs		(379)	(331)
Administrative expenses		(1,875)	(1,515)
Profit on ordinary activities before taxation		1,007	591
Tax on profit on ordinary activities	6	(208)	59
Profit for the financial year	14	799	650

All results arose from continuing operations.

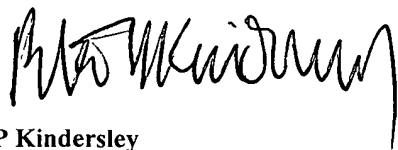
There were no recognised gains or losses for either year other than the results shown above.

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

Balance Sheet
at 31 March 2015

	<i>Note</i>	2015 £000	2014 £000
Fixed assets			
Tangible assets	7	25	21
Investments	8	1	1
		<hr/> 26	<hr/> 22
Current assets			
Stocks	9	188	157
Debtors	10	2,400	2,232
Cash at bank and in hand		502	56
		<hr/> 3,090	<hr/> 2,445
Creditors: amounts falling due within one year	11	(2,408)	(2,558)
		<hr/> 682	<hr/> (113)
Net current asset / (liabilities)			
Net asset / (liabilities)		<hr/> 708	<hr/> (91)
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	13	500	500
Profit and loss account	14	208	(591)
		<hr/> 708	<hr/> (91)
Shareholders' surplus / (deficit)		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the board of directors on 22 September 2015 and were signed on its behalf by:



P Kindersley
Director

Reconciliation of Movements in Shareholders' Funds
for the year ended 31 March 2015

	2015 £000	2014 £000
Profit for the financial year	799	650
Opening shareholders' deficit	(91)	(741)
Closing shareholders' surplus / (deficit)	<u>708</u>	<u>(91)</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 directors have considered the financial position of the company. They believe the company has sufficient balance sheet reserves, along with net current assets of £682,000, to be able to meet its liabilities as they fall due for the foreseeable future, and hence the accounts are prepared on a going concern basis. For these purposes, the foreseeable future is taken to mean a period of at least 12 months from the date of approval of these accounts.

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 are stated at cost less impairment.

Notes (continued)

1 Accounting policies (continued)

Taxation

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

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

	2015 £000	2014 £000
By geographical market		
UK	5,903	4,863
Europe	257	170
Total	6,160	5,033

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

	2015 £000	2014 £000
Profit/(loss) on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation and other amounts written off tangible fixed assets:	16	11
Foreign Exchange Loss / (Gain)	41	(27)
Remuneration receivable by the auditors and their associates in respect of:		
Audit of financial statements pursuant to legislation	9	9

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 (2014: three). The aggregate of payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	204	186
Social security costs	25	23
Other pension costs	9	9
	<u>238</u>	<u>218</u>

5 Directors' emoluments

The directors received £Nil (2014: £Nil) emoluments in respect of their services to the Company during the year.

6 Taxation

Analysis of charge / (credit) in the year

	2015		2014	
	£000	£000	£000	£000
UK Corporation Tax				
Current tax on income in the year	152		-	
Adjustments in respect of prior years	-		-	
Total Current tax		<u>152</u>		<u>-</u>
Deferred tax (see note 12)				
Origination/reversal of timing differences	56		(59)	
Effect of tax rate change on opening balances	-		-	
Total deferred tax		<u>56</u>		<u>(59)</u>
Tax charge / (credit) on profit/(loss) on ordinary activities		<u>208</u>		<u>(59)</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 (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below

	2015 £000	2014 £000
Current tax reconciliation		
Profit on ordinary activities before tax	1,007	591
	<hr/>	<hr/>
Current tax at 21% (2014: 23%)	211	136
Effects of:		
Depreciation in excess of capital allowances	1	1
Utilisation of tax loss and other deductions	(60)	(137)
Group Relief claimed	-	-
	<hr/>	<hr/>
Total current tax charge	152	-
	<hr/>	<hr/>

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the budget on 8 July 2015, the chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly.

The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

7 Fixed Assets

	Fixtures and fittings £000	Computer hardware £000	Total £000
<i>Cost</i>			
At 1 April 2014	2	72	74
Additions	-	19	19
At 31 March 2015	2	91	93
<i>Depreciation</i>			
At 1 April 2014	2	50	52
Charge for the year	-	16	16
At 31 March 2015	2	66	68
<i>Net book value</i>			
At 31 March 2015	-	25	25
At 31 March 2014	-	21	21

8 Investments

	Shares in group undertakings £
<i>Cost</i>	
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 £972,822 and has a capital and reserves deficit of £2,104,306.

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

	2015 £000	2014 £000
Finished goods and goods for resale	188	157

10 Debtors

	2015 £000	2014 £000
Amount owed by group undertakings	2,233	2,021
Other debtors	164	152
Deferred tax asset	3	59
	<u>2,400</u>	<u>2,232</u>

No amounts are due after more than one year

11 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	86	86
Taxation and social security	311	217
Accruals and deferred income	518	391
Intercompany creditor	373	779
Loans	1,120	1,085
	<u>2,408</u>	<u>2,558</u>

Notes (continued)

12 Deferred taxation

	Deferred Taxation £000
At beginning of year	59
Charge to profit and loss for the year (Note 6)	(56)
At end of year	3

The elements of deferred taxation are as follows:

	2015 £000	2014 £000
Difference between accumulated depreciation and amortisation and capital allowances	3	2
Tax losses carried forward	-	57
	3	59

13 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
500,000 ordinary shares of £1 each	500	500

14 Reserves

	2015 £000
Profit and loss reserve	
Balance at 1 April 2014	(591)
Profit for the year	799
Balance at 31 March 2015	208

Notes (continued)

15 Related party disclosures

Mr P Kindersley provided loans to Neal's Yard Remedies (Home) Limited, the amount owed at the year end was £1,120,000 (2014: £1,085,000).

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

Mr P Kindersley is the owner of Sheepdrove Farm, operating as The Kindersley Centre. During the year the Company bought services from Sheepdrove Farm of £5,000 (2014: £Nil). The amount due to Sheepdrove Farm at the balance sheet date was £Nil (2014: £Nil).

16 Subsidiary undertaking

The Company's subsidiary undertaking is shown below:

	Country of incorporation	Principal activity	Class and percentage of shares held
NYR Organic Inc.	USA	Wholesaling natural and organic health and beauty products including skincare, cosmetics, and natural remedies	Ordinary 100%

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.