

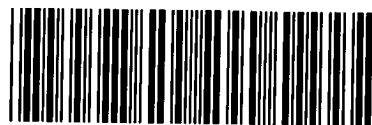
# **Neal's Yard Remedies (Home) Limited**

## **Annual Report and Financial Statements**

Registered number 06828905

31 March 2018

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## Contents

Strategic Report	1
Directors' Report	2
Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements	3
Independent Auditor's Report to the members of Neal's Yard Remedies (Home) Limited	4
Profit and Loss Account	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes	9

## Strategic Report

Neal's Yard Remedies (Home) Limited (the "Company") is a 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 is performing in line with expectations. The results of the subsidiary are not included in these accounts.

During the year the Company's revenue continued to grow and consultant numbers also increased. The Company is well positioned to continue growing in future years.

### 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 £9,996,000 (2017: £8,882,000) an increase of 13%. This has been driven by an increase in the consultant network.

EBITDA\* (non-GAAP measure) for the year increased to £1,226,000 (2017: £894,000), an increase of 37% and reflecting the growth in revenue.

Profit before tax for the year of £1,217,000 was a 38% increase on the previous year (2017: £879,000).

Net assets at the year end were £3,148,000 (2017: £2,019,000) reflecting the performance during the year.

\*Earnings before interest, tax, depreciation and amortisation ('EBITDA') is calculated as operating profit less depreciation and amortisation.

### 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 entrepreneurial building of the business along with a controlled approach to the management of investment and cash flow.

The commercial risks of operating a business 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.

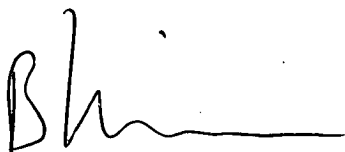
The business has the benefit of the excellent quality control and business knowledge within other channels of Neal's Yard Remedies.

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.

Following the UK vote to leave the EU, the Directors are monitoring the situation and assessing the impact this may have on the business.

By order of the Board

**B Kindersley**  
Director



14 December 2018

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

## Directors' Report

The Directors present the Directors' Report and Financial Statements of Neal's Yard Remedies (Home) Limited for the year ended 31 March 2018.

### Directors

The Directors who held office during the year and up until the date of signing these Financial Statements were as follows:

- P Kindersley
- B Kindersley

### Dividend

The Directors do not propose the payment of a dividend (2017: £nil).

### Research and development

The Company did not incur any research and development costs during the year (2017: £nil).

### Political contributions

The Company made no political donations nor incurred any disclosable political expenditure during the year (2017: £nil).

### Disclosure of information to Auditor

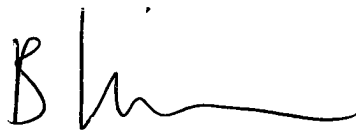
The Directors who held office at the date of approval of this Directors' Report confirm that there is no relevant audit information of which the Company's Auditor is unaware; and that the Directors have taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant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

### Auditor

KPMG LLP resigned as Auditors to the Company during the year and Ernst & Young 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

B Kindersley  
Director



14 December 2018

Neal's Yard Remedies (Home) Limited  
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**

## **Opinion**

We have audited the financial statements of Neal's Yard Remedies (Home) Limited for the year ended 31 March 2018 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standard FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

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

- 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 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.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact. We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

## **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**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of directors**

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, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

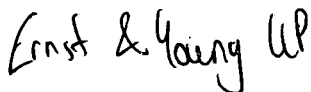
### **Auditor's responsibilities for the audit of the financial statements**

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 auditor's 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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our report**

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



**John Howarth (Senior Statutory Auditor)**  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Chartered Accountants  
The Paragon, Counterslip, Bristol, BS1 6BX

17 December 2018

**Profit and Loss Account**  
For the year ended 31 March 2018

	<i>Note</i>	<b>2018</b> <b>£000</b>	<b>2017</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>9,996</b>	<b>8,882</b>
Cost of sales		<b>(5,192)</b>	<b>(4,650)</b>
<b>Gross profit</b>		<b>4,804</b>	<b>4,232</b>
Distribution costs		<b>(851)</b>	<b>(767)</b>
Administrative expenses		<b>(2,738)</b>	<b>(2,586)</b>
<b>Operating profit</b>		<b>1,215</b>	<b>879</b>
Other interest receivable and similar income	<b>6</b>	<b>2</b>	<b>-</b>
<b>Profit before tax</b>		<b>1,217</b>	<b>879</b>
Tax	<b>7</b>	<b>(88)</b>	<b>(201)</b>
<b>Profit for the financial year</b>		<b>1,129</b>	<b>678</b>

All results arose from continuing operations.

There was no comprehensive income or expenses for either year other than the results shown above.



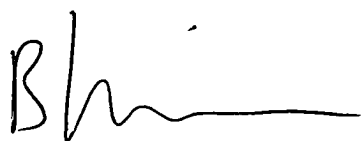
## Balance Sheet

At 31 March 2018

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	8	3	14
Investments	10	1	1
		<u>4</u>	<u>15</u>
<b>Current assets</b>			
Stocks	11	370	387
Debtors	12	5,001	3,292
Cash at bank and in hand	13	196	237
		<u>5,567</u>	<u>3,916</u>
<b>Creditors:</b> amounts falling due within one year	14	(2,423)	(1,912)
<b>Net current assets</b>		<u>3,144</u>	<u>2,004</u>
<b>Net assets</b>		<u>3,148</u>	<u>2,019</u>
<b>Capital and reserves</b>			
Called up share capital	18	500	500
Profit and loss account		2,648	1,519
<b>Shareholders' surplus</b>		<u>3,148</u>	<u>2,019</u>

These Financial Statements were approved by the Board of Directors on 14 December 2018 and were signed on its behalf by:

B Kindersley  
Director



Company registered number: 06828905

**Statement of Changes in Equity**  
For the year ended 31 March 2018

	<b>Called up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
At 1 April 2016	500	841	1,341
Profit for the year	-	678	678
At 31 March 2017	500	1,519	2,019
Profit for the year	-	1,129	1,129
<b>At 31 March 2018</b>	<b>500</b>	<b>2,648</b>	<b>3,148</b>

## Notes

### 1. Accounting policies

Neal's Yard Remedies (Home) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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.

These Financial Statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in March 2018. The presentation currency of these financial statements is sterling. All amounts in the Financial Statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Neal's Yard Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Neal's Yard Holdings Limited are available to the public and may be obtained from Peacemarsh, Gillingham, Dorset, SP8 4EU. In these Financial Statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

#### 1.1 *Change in accounting policy/prior period adjustment*

There have been no changes in accounting policies or prior year adjustments.

#### 1.2 *Measurement convention*

The Financial Statements are prepared on the historical cost basis.

#### 1.3 *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, to be able to meet its liabilities as they fall due for the foreseeable future, and hence the Financial Statements 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 Financial Statements.

#### 1.4 *Foreign currency*

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

#### 1.6 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings which are repayable on demand are recognised at cost. Where the borrowings are not repayable on demand they are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments in subsidiaries*

These are separate Financial Statements of the Company. Investments in subsidiaries are carried at cost less impairment.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Fixtures and fittings 5 years
- Computer equipment 3 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### **1.8 Intangible assets**

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use.

Computer software is amortised over the life of the license or expected life of the project.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. Intangible assets are tested for impairment when there is an indication that an intangible asset may be impaired.

#### **1.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Impairment excluding stocks and deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.11 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.12 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

#### 1.13 Turnover

Turnover represents amounts receivable for goods provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Sales of goods are recognised when title has passed.

#### 1.14 Expenses

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes (continued)

### 2. Turnover

	2018 £000	2017 £000
<i>By geographical market:</i>		
UK	9,700	8,567
Europe	296	315
<b>Total</b>	<b>9,996</b>	<b>8,882</b>

The Directors consider 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. Expenses and Auditor's remuneration

	2018 £000	2017 £000
<i>Included in profit/(loss) are the following:</i>		
Depreciation and other amounts written off tangible fixed assets	-	-
Amortisation of intangible assets	11	15
Foreign exchange (gain)/loss	(43)	38
<b>Audit of these Financial Statements</b>	<b>9</b>	<b>11</b>

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, Neal's Yard Holdings Limited are required to disclose non audit fees on a consolidated basis.

### 4. Staff numbers and costs

The Company has ten employees (2017: seven). The aggregate of payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	356	206
Social security costs	38	24
Other pension costs	11	8
<b>Total</b>	<b>405</b>	<b>238</b>

### 5. Directors' emoluments

The Directors received £nil (2017: £nil) emoluments in respect of their services to the Company during the year. The Directors are remunerated by Neal's Yard (Natural Remedies) Limited and approximately £5,800 (2017: £7,400) relates to this Company.



## Notes (continued)

### 6. Other interest receivable and similar income

	2018 £000	2017 £000
Other interest received	2	-
Total interest receivable and similar income	2	-

### 7. Tax

	2018 £000	2017 £000
Current tax on income for the period	202	176
Adjustments in respect of prior periods	(113)	25
Total current tax	89	201
Origination and reversal of timing differences	(1)	(-)
Total deferred tax	(1)	(-)
Total tax expense	88	201

The current tax charge for the year is lower (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below

	2018 £000	2017 £000
Profit before tax	1,217	879
Tax using the UK corporation tax rate of 19% (2017: 20%)	231	176
Group relief claimed	(30)	-
Adjustment to tax charge in respect of prior year	(113)	25
Total tax expense included in profit or loss	88	201

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2018 has been calculated based on these rates.

## Notes (continued)

### 8. Intangible Assets

	Computer software £'000	Total £'000
<b>Cost</b>		
At 1 April 2017	110	110
Additions	-	-
	<hr/>	<hr/>
At 31 March 2018	110	110
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 April 2017	96	96
Charge for the year	11	11
	<hr/>	<hr/>
At 31 March 2018	107	107
	<hr/>	<hr/>
<b>Net book value</b>		
<b>At 31 March 2018</b>	<b>3</b>	<b>3</b>
	<hr/>	<hr/>
At 31 March 2017	14	14
	<hr/>	<hr/>

### 9. Tangible Fixed Assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
<b>Cost</b>			
At 1 April 2017 and 31 March 2018	2	5	7
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 April 2017 and 31 March 2018	2	5	7
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 1 April 2017 and 31 March 2018</b>	-	-	-
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 10. Investments

	Shares in Group undertakings £000
<b>Cost</b>	
At beginning and end of year	1

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 and the registered office is 745 Fifth Avenue, Suite 500, New York 10151.

NYR Organic Inc. has generated a loss for the year of £367,000 (2017: profit £653,000) and has a capital and reserves deficit of £1,235,000 (2017: £998,000). The Directors consider the investment in NYR Organic Inc to be recoverable based on forecasts of future positive cash generation.

### 11. Stocks

	2018 £000	2017 £000
Finished goods	370	387

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £5,192,000 (2017: £4,650,000).

### 12. Debtors

	2018 £000	2017 £000
Amounts owed by Group undertakings	4,875	3,148
Other debtors and prepayments	120	139
Deferred tax asset	6	5
	<b>5,001</b>	<b>3,292</b>

No amounts are due after more than one year (2017: nil).

Amounts owed by Group undertakings have no fixed repayment date and no interest is charged.

## Notes (continued)

### 13. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	196	237

### 14. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Loan notes (see note 15)	1,139	1,181
Trade creditors	168	154
Accruals and deferred income	1,048	425
Taxation and social security	68	152
	<u>2,423</u>	<u>1,912</u>

### 15. Interest bearing loans

The contractual terms of the Company's interest-bearing loan notes, which are measured at amortised cost are as follows:

- The first sterling loan of £1,009,000 (2017: £1,051,000) is repayment on demand with an interest rate of 1.5% above bank base rate. The holders have waived their right to interest for the current and prior year; and
- The second sterling loan of £130,000 (2017: £130,000) is repayable on demand.

### 16. Contingent liability

The Company is included as part of the cross guarantee for bank loans held by other companies within the Group. At the year end no balances were outstanding in relation to this guarantee (2017: £Nil).

### 17. Deferred taxation

The deferred tax asset of £6,000 (2017: £5,000) relates to accelerated capital allowances. There are no offset deferred tax liabilities.

### 18. Called up share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
500,000 ordinary shares of £1 each	500	500

All shares are classified in shareholders funds. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## Notes (continued)

### 19. Related party disclosures

P Kindersley provided loans to the Company. The amount owed at the year end was £1,009,000 (2017: £1,051,000).

P Kindersley and B Kindersley are trustees of a Trust which provided loans to the Company. The amount owed at the year end was £130,000 (2017: £130,000).

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 (2017: £5,000). The amount due to Sheepdrove Farm at the balance sheet date was £nil (2017: £nil).

As the Company is a wholly owned subsidiary of Neal's Yard Holdings Limited, the Company has taken advantage of the exemption contained in FRS102 Section 33.1A and has therefore not disclosed transactions or balances with wholly owned subsidiaries that form part of the Group.

### 20. 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%

NYR Organic Inc. registered office is 745 Fifth Avenue, Suite 500, New York 10151.

### 21. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Neal's Yard Holdings Limited. The ultimate controlling party is Peter Kindersley.

The largest group in which the results of the Company are consolidated is that headed by Neal's Yard Holdings Limited, incorporated in England and Wales. No other Group financial statements include the results of the Company. The consolidated financial statements of the Group are available to the public from the Company's registered office, Peacemarsh, Gillingham, Dorset SP8 4EU.

### 22. Accounting estimates and judgements

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

#### *Critical accounting judgements in applying the Company's accounting policies*

The recoverability of the balances due from Group undertakings is one of the main area of critical judgements. The subsidiary from whom the balance is owed has forecasts of future positive cash generation and as such the Directors are satisfied that the carrying value remains appropriate.