Neal's Yard Remedies (Home) Limited

Annual Report and Financial Statements

Registered number 06828905

30 September 2021

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COMPANIES HOUSE

Contents

Corporate information

Directors

P Kindersley
B Kindersley

Auditors

BDO LLP,
Arcadia House,
Martime Walk,
Ocean Village,
Southampton,
SO14 3TL

Bankers

Barclays Bank PLC,
Bridgewater House,
Counterslip,
Finzels Reach,
Bristol,
BS1 6BX

Registered Office

Neal's Yard Remedies (Home) Limited
15 Neal's Yard
London
W12H 9DP

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 (NYR) products through a network of independent NYR Organic consultants.

The Company owns a subsidiary company, NYR Organic Inc, incorporated in the USA. This subsidiary sells Neal's Yard Remedies products in the USA and is performing in line with expectations. The results of the subsidiary are not included in these accounts.

Turnover showed an increase of 26% versus the same 12 months to Sept 20. Increased consultant engagement and the continued shift of the business to virtual parties were the primary drivers for the increase. Gross Profit showed a marginal increase to 49% as compared to the 12 months equivalent in the prior year. Distribution costs increased disproportionately in the period due to extra delivery volumes as end consumer orders were shipped directly to their home addresses, rather than being bulk-shipped to the consultants. EBITDA for the year rose against the previous 12 months to £541,000 which was 5.7% of turnover.

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 12 month period the Company has achieved sales of £9,415,000 (18 months ended 2020: £11,248,000), a decrease of 16% mainly due to the increased length of the accounting period in 2020. Sales on a 12 month basis turnover have increased 26%

EBITDA* (non-GAAP measure) for the period was £542,000 (18 months ended 2020: £965,000), a decrease of 43%.

Loss before tax for the period was £141,000 (18 months ended 2020: Profit £955,000) The group reviewed its management charges during the year and this resulted in an increase in the charge to the company.

Net assets at the end of the period were £4,598,000 (2020: £4,759,000) reflecting the performance during the period.

*Earnings before interest, tax, depreciation and amortisation before exceptional items ('EBITDA') is calculated as operating profit add 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.

Future trading may be impacted by the evolving war in Ukraine and the current cost of living crisis. Cost of material increases will be mitigated by either an increase in prices or by cost engineering where possible.

Section 172 Statement

Section 172 statement of the Companies Act 2006 requires directors to take into consideration the interest of stakeholders and other matters in their decision making. The directors continue to have regard to the interest of the Company's employees, customers, and other stakeholders, along with the impact of our activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the company for its members in the long term. We explain in this annual report and the financial statements, and below, how the board engages stakeholders:

- The board meets on a monthly basis with papers circulated in advance. This enables the directors to fully understand the performance and position of the company when making decisions of strategic importance. When the board is approving decisions, the requirements of section 172 are considered and the potential outcome of the decisions, including the impact on relevant stakeholder groups.
- The board regularly reviews the company's principal stakeholders and how it engages with them. This is achieved through information provided by the executive team and also by direct engagement with stakeholders themselves.
- The board has enhanced its methods of engagement with the workforce and board updates are provided do all employees at regular intervals.
- The board aim to attract and retain high quality employees, providing them with the right tools, development, and information to be effective in their notes.
- The board aims to work responsibly with all stakeholders, including suppliers.
- The Company works alongside suppliers to foster close working relationships.
- The Company brings high quality and environment friendly beauty and health products to our customers.
- Feedback is gathered through the customer experience and is measured and reviewed.
- The Company engages with investors in the company giving them a full understanding of the business including the strategy, growth potential and risks in the business as well as the overall performance of the business. The investors attend the board meetings.

By order of the Board

BKindersley

Signed: 6/29/2022

B Kindersley
Director

29th June 2022

Neal's Yard Remedies (Home) Limited,
15 Neal's Yard,
London,
W12H 9DP

Directors' Report

The Directors present the Directors' Report and Financial Statements of Neal's Yard Remedies (Home) Limited for the 12 months ended 30 September 2021. The comparative figures are for the 18 months ended 30 September 2020.

Directors

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

P Kindersley

B Kindersley

Going Concern review

The Directors have considered the financial position and performance of the Company and consider the main risks to Company's going concern to be its liquidity. While the Company has been profitable historically and has continued to be profitable in the current year pre-exceptional items, it continues to rely on its shareholders (the parent company, Neal's Yard Holdings Limited and the ultimate shareholders), to provide financial support to fund its working capital and liquidity requirements.

In making their going concern assessment the Directors have prepared a cash flow forecast for the Group overall, which includes the working capital requirements of the Company, and have performed a going concern review at the group level, going out until September 2023.

The Group's base case cash flow forecasts to September 2023 indicate that they will, in aggregate, generate positive cash flows, although in certain months they will be in a negative cash position. The stressed forecast, which is based on a plausible down-side scenario in which revenue is decreased by 8.4%, indicates that in aggregate there may be a shortfall of cash and that in certain months the liabilities may exceed the extent to which the Group generates cash. Under both scenarios, the Group as a whole, and therefore Company will rely on support from its shareholders, though to a much smaller extent if the base case is achieved. The Group, including its subsidiaries, has been provided with a non-legally binding letter of support from its shareholders stating that they will assist the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities.

Further, the Group's the forecasts indicate that there is a potential for a breach in the Group's covenants during the period considered and is engaging with the bank and is in the process of holding discussions to consider a range of positions or alternatives. A breach in these covenants could impact the liquidity of the Group as a whole, and therefore the Group's ability to support the Company.

While the directors are confident that the availability of the support from the shareholders Group's ongoing negotiations with the bank indicate that the Company will be in a position to meet its liabilities as they fall due for the foreseeable future, and hence they are confident that the accounts of the Company should be prepared on a going concern basis, this support is not guaranteed. As such, this suggests there is a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, and therefore that it may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

Dividend

The Directors do not propose the payment of a dividend (2020: £nil).

Research and development

The Company did not incur any research and development costs during the period (2020: £nil).

Political contributions

The Company made no political donations nor incurred any disclosable political expenditure during the period (2020: £nil).

Directors' Report (continued)

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

BDO LLP acted as Auditor to the Company during the year 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

BKindersley

Signed: 6/29/2022

B Kindersley
Director

29th June 2022

Neal's Yard Remedies (Home) Limited,
15 Neal's Yard,
London,
W12H 9DP

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 period. 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 (HOME) LIMITED

Opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2021 and of its loss 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.

We have audited the Financial Statements of Neal's Yard (Home) Limited ("the Company") for the year ended 30 September 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of changes in equity and notes to the Financial Statements, 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 Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

Independence

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.

Material uncertainty related to going concern

We draw attention to Note 1.3 to the financial statements which describes that the Company is dependent on the availability of financial support from its shareholders and the outcome of the Group's ongoing negotiations with the bank, which is not certain. These events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report and Financial Statements other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 the 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 Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEAL'S YARD (HOME) LIMITED (CONTINUED)

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company, we consider those laws and regulations that have a direct impact on the preparation of the Financial Statements such as the Companies Act 2006. We have evaluated management incentives and opportunities for fraudulent manipulation of the financial statements including management override and considered that the principal risk were related to posting of inappropriate journal entries to improve the result before tax for the year.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentation or through collusion.

Procedures performed by the audit team include:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations;
- Evaluation of controls designed to prevent and detect irregularities;
- Assessment of journal entries to accounts that were considered to carry a greater risk of fraud as part of our planned audit approach; and
- Review of board meeting minutes for any evidence of fraud or non-compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the Financial Statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:
Arbinder Chatwal
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Arbinder Chatwal (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom
Date: 29 June 2022
BDO LLP is a limited liability partnership registered

Profit and Loss Account
For the year ended 30 September 2021

	Note	2021	2020 (18 months)
		£000	£000
Turnover	2	**9,415**	11,248
Cost of sales		**(4,819)**	(5,833)
Gross profit		**4,596**	5,415
Distribution costs		**(1,307)**	(1,271)
Administrative expenses		**(3,430)**	(3,189)
EBITDA (before exceptional items)		**542**	965
Amortisation	8	**(18)**	(10)
Impairment of intercompany receivables	3	**(664)**	-
Operating profit/(loss)		**(141)**	955
Other interest receivable and similar income		**-**	-
Profit/(loss) before tax		**(141)**	955
Tax (charge)/credit for the year	7	**(21)**	21
Profit/(loss) for the financial year		**(162)**	976

All results arose from continuing operations.

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

Balance Sheet
At 30 September 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	*8*	46	27
Investments	*10*	1	1
		47	28
Current assets			
Stocks	*11*	892	574
Debtors	*12*	4,589	5,935
Cash at bank and in hand	*13*	100	280
		5,581	6,788
Creditors: amounts falling due within one year	*14*	(1,030)	(2,078)
Net current assets		4,551	4,710
Net assets		4,598	4,738
Capital and reserves			
Called up share capital	*18*	500	500
Profit and loss account		4,098	4,238
Shareholders' surplus		4,598	4,738

These Financial Statements were approved by the Board of Directors on 29th 2022 and were signed on its behalf by:

BKindersley

Signed: 6/29/2022

B Kindersley
Director

Company registered number: 06828905

Statement of Changes in Equity
For the year ended 30 September 2021

	Called up share capital £000	Profit and loss account £000	Total £000
At 31 March 2019	500	3,283	3,783
Profit for the year	-	976	976
At 30 September 2020	500	4,259	4,759
Profit for the year	-	(162)	(162)
At 30 September 2021	**500**	**4,098**	**4,598**

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"). 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 the company's registered office at 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.

The Financial Statements are drawn up to Thursday 30 September. The period to 30 September 2021 comprised 12 months (2020: 18 months).

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 22.

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.

Notes

1 Accounting policies *(continued)*

1.3 Going concern

The Directors have considered the financial position and performance of the Company and consider the main risks to Company's going concern to be its liquidity. While the Company has been profitable historically and has continued to be profitable in the current year pre-exceptional items, it continues to rely on its shareholders (the parent company, Neal's Yard Holdings Limited and the ultimate shareholders), to provide financial support to fund its working capital and liquidity requirements.

In making their going concern assessment the Directors have prepared a cash flow forecast for the Group overall, which includes the working capital requirements of the Company, and have performed a going concern review at the group level, going out until September 2023.

The Group's base case cash flow forecasts to September 2023 indicate that they will, in aggregate, generate positive cash flows, although in certain months they will be in a negative cash position. The stressed forecast, which is based on a plausible down-side scenario in which revenue is decreased by 8.4%, indicates that in aggregate there may be a shortfall of cash and that in certain months the liabilities may exceed the extent to which the Group generates cash. Under both scenarios, the Group as a whole, and therefore Company will rely on support from its shareholders, though to a much smaller extent if the base case is achieved. The Group, including its subsidiaries, has been provided with a non-legally binding letter of support from its shareholders stating that they will assist the Group in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities.

Further, the Group's the forecasts indicate that there is a potential for a breach in the Group's covenants during the period considered and is engaging with the bank and is in the process of holding discussions to consider a range of positions or alternatives. A breach in these covenants could impact the liquidity of the Group as a whole, and therefore the Group's ability to support the Company.

While the directors are confident that the availability of the support from the shareholders Group's ongoing negotiations with the bank indicate that the Company will be in a position to meet its liabilities as they fall due for the foreseeable future, and hence they are confident that the accounts of the Company should be prepared on a going concern basis, this support is not guaranteed. As such, this suggests there is a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern, and therefore that it may be unable to realise their assets and discharge their liabilities in the ordinary course of business.

Accordingly, the financial statements do not include any adjustments that would be necessary if the Company was unable to continue as a going concern.

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 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 standard costing 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.

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

Notes *(continued)*

1 Accounting policies *(continued)*

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.

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 period 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.

Notes *(continued)*

1 Accounting policies *(continued)*

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.16 Government Grants

Government grants are recognised only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Notes *(continued)*

2. Turnover

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.

	2021 (12 months) £000	2020 (18 months) £000
By geographical market:		
UK	9,184	10,944
Europe	230	304
Total	**9,415**	**11,248**

3. Expenses and Auditor's remuneration

	2021 £000	2020 £000
Included in profit/(loss) are the following:		
Depreciation and other amounts written off tangible fixed assets	-	-
Amortisation of intangible assets	18	10
Foreign exchange (gain)/loss	(12)	(7)
Audit of these Financial Statements	10	12

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. Exceptional items

Impairment of intercompay receivables

An impairment review of the receivables from NYR Organic Inc, USA was carried out by the directors during the year. This has lead to an impairment trigger in the current year, and based on the recoverability assessment performed, the entire value of the receivables from NYR Organic Inc, USA has been impaired during the year (2020: Nil).

5. Staff numbers and costs

	2021 £000	2020 £000
Wages and salaries	233	395
Social security costs	24	39
Other pension costs	9	18
Total	**266**	**452**

The Company has nine employees (2020: nine).

Notes *(continued)*

6. Directors' emoluments

The Directors received £nil (2020: £nil) emoluments in respect of their services to the Company during the period. The Directors are remunerated by Neal's Yard (Natural Remedies) Limited and approximately £5,500 (2020: £5,500) relates to this Company.

7. Tax

	2021 £000	2020 £000
Current tax on income for the period	-	-
Adjustments in respect of prior periods	(21)	-
Total current tax	(21)	-
Origination and reversal of timing differences	-	21
Total deferred tax	-	21
Total tax (credit)/expense	(21)	21

UK corporation tax remained at 19% (effective from 1 April 2017) as announced in March 2021. The deferred tax asset at 30 September 2021 has been calculated based on the 19%.

	2021 £000	2020 £000
Profit before tax and exceptionals	524	955
Tax using the UK corporation tax rate of 19% (2019: 19%)	100	181
Group relief claimed	(99)	(180)
Adjustment to tax charge in respect of prior year	(21)	(22)
Remeasurement of derferred tax for changes in tax rates	(1)	(1)
Total tax (credit)/expense included in profit or loss	(21)	21

Notes (continued)

8. Intangible Assets

	Computer software £000	Total £000
Cost		
At 1 October 2020	147	147
Additions	37	37
At 30 September 2021	184	184
Depreciation		
At 1 October 2020	120	120
Charge for the year	18	18
At 30 September 2021	138	138
At 30 September 2021	46	46
At 30 September 2020	27	27

9. Tangible Fixed Assets

	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost			
At 30 September 2021	2	5	7
Depreciation			
At 30 September 2021	2	5	7
Net book value			
At 30 September 2021	-	-	-

Notes *(continued)*

10. Investments

	Shares in Group undertakings £000
Cost	
At beginning and end of period	1

The Company owns 100% of the share capital of NYR Organic Inc., which is incorporated in the 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 financial period of £360,000 (2020: profit £102,000) and has a capital and reserves deficit of £1,082,000 (2020: £773,000). An impairment review of the investments in NYR Organic Inc, USA was carried out management during the year. This has lead to an impairment trigger in the current year, and based on the cash flow forecasts performed by management, the entire value of the investments within the Company has been impaired during the year (2020: Nil).

11. Stocks

	2021 £000	2020 £000
Finished goods	892	574

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £4,819,000 (2020: £5,833,000). Stock written down to net realisable value during the year was £Nil (2020: £Nil).

12. Debtors

	2021 £000	2020 £000
Amount owed by Group undertakings	4,470	5,660
Other debtors and prepayments	114	270
Corporation tax debtor	-	21
Deferred tax asset	5	4
Total	4,589	5,955

No amounts are due after more than one year (2020: nil).

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

Notes *(continued)*

13. Cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	**100**	280

14. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Loan notes (see note 15)	**207**	577
Trade creditors	**92**	232
Accruals and deferred income	**583**	1,112
Taxation and social security	**148**	157
Total	**1,030**	2,078

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 £207,000 (2020: £577,485) is repayable 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 period.

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 30 September 2021 no balances were outstanding in relation to this guarantee (2020: £Nil).

17. Deferred taxation

The deferred tax liability of £4,707 (2020 deferred tax asset: £4,363) relates to accelerated capital allowances.

18. Called up share capital

	2021 £000	2020 £000
Allotted, called up and fully paid		
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 period end was £207,000 (2020: £577,485).

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.

Record of Signing

For
Name
Title

Bkindersley

Signed on 2022-06-29 13:54:23 GMT

Secured by Concord™
DocumentID OTEwZWI1NzAiMj
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Signing date: 6/29/2022
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