

COMPANIES HOUSE COPY

Health Made Easy Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 09796720

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Health Made Easy Limited

Contents, Directors and advisors
for the year ended 31 March 2017

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Directors

M. J. Cole
S. M. Cuthbertson
J. W. Weaver
M.L. Ellison, MBE

Registered office

Coaldale Road, Lymedale Business Park, Newcastle-under-Lyme, Staffordshire, ST5 9QX

Company number

09796720

Solicitors

EMW Law LLP, Seebeck House, 1 Seebeck Place, Knowlhill, Milton Keynes, MK5 8FR

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Health Made Easy Limited

Strategic report for the year ended 31 March 2017

The Directors present their Strategic report together with the audited financial statements for the year ended 31 March 2017.

On 30 November 2016, the Company changed its name from Seebeck 134 Limited to Health Made Easy Limited.

Principal activities

The Group is the UK's leading wholesale distributor of natural and organic products, including allergen free and healthy lifestyle ranges, providing sales, marketing, warehousing and distribution services for UK and overseas manufacturers from modern leasehold premises in Staffordshire.

Working with brand owners the Group supplies a wide range of sectors including independent retailers, multiple retailers, internet retailers, wholesalers and cash & carry. These sectors are served throughout the UK and Republic of Ireland, as well as the wider Export market. The Group is the brand owner of the Tree of Life brand for the UK and Ireland.

Business review and future developments

The Directors do not currently anticipate any changes in the nature of the Group's principal activities.

The Company was incorporated in the prior period on 27 September 2015 and on 19 November 2015 it acquired all of the issued share capital of Seebeck 115 Limited, which included the trading business Tree of Life UK Limited. As set out in the notes to the financial statements, the consolidated accounts have been prepared in accordance with acquisition accounting principles and the results of the prior period include the trading results of the Group in the period post acquisition.

The results for the year are set out in the Consolidated statement of comprehensive income on page 8.

Net sales for the year ended 31 March 2017 were £47.5m for a full year against last year's recorded sales of £16.9m for 4.5 months trading. An operating profit of £208,000 was achieved against a loss of £161,000 last year. The operating profit was calculated after deducting depreciation and amortisation of £778,000, other exceptional charges of £93,000 and £276,000 of costs relating to M&A activities. Taking this into account the Group generated an underlying EBITDA of £1,355,000. Revenue has grown within the existing customer portfolio and through the development of new sales channels. Continued growth has enabled the Group to benefit from substantial economies of scale.

M&A activities continue and if successful will generate future commercial and performance benefits.

Whilst UK and global retail conditions remain volatile, the Directors believe that the diverse and solid sales and supply base along with continued scope for operational efficiency will provide further growth for the next full financial year and into the future. Exclusive new brands continue to be secured and investment in our own brand development is well under way.

A substantial investment of over £500,000 was made by subsidiary Tree of Life UK Limited in 2014 upgrading its IT system to facilitate improved stock control, efficiencies and interaction with customers and suppliers which continues to yield benefits. The Group remains committed to investment in technology that is driving efficiencies in its business and benefits to its customers.

Further investment in owned brands, strategic partnerships and acquisitions is being pursued to support growth and performance gains and supply consolidation opportunities. Whilst general market conditions remain challenging with some degree of political uncertainty, especially relating to Europe, the Directors are confident of sustained development with opportunities both within the UK and overseas.

The Group operates ethical supply, anti-bribery and anti-slavery policies.

Health Made Easy Limited

Strategic report for the year ended 31 March 2017 (continued)

Principal risks and uncertainties and financial risk

The Group gives appropriate consideration to risk management objectives and policies. Facilities are in place to deal with cash flow and liquidity risk. Risk to pricing is mitigated by a diverse supplier portfolio. Credit risk is managed through adoption of a rigorous credit policy.

Liquidity risk

The group manages its cash and borrowing requirements centrally to maximise interest income and minimise interest expense whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its business.

Interest rate risk

The Group is exposed to cash flow interest rate risk on floating rate deposits, bank overdrafts and invoice discounting arrangements.

Foreign currency risk

The Group's principal foreign currency exposures arise from overseas purchases of goods. The group has not hedged against these transactions through use of forward exchange contracts as the volume of purchases and volatility in currency has not warranted this. However, the group keeps movements on exchange rates under close review and will use hedges when deemed necessary.

Credit risk

Investment of cash surpluses, and borrowings, are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Debtor balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Economic environment

There are increased levels of economic uncertainty in the economy following the UK's decision, made in June 2016, to leave the European Union. It is still too early to determine the full impact 'Brexit' may have on the Group, however, management are confident there is sufficient resilience within the Group's business model to allow it to continue to trade profitably through any economic downturn. The Board, in fact, sees positive opportunities post Brexit for the Group and its future performance.

Financial and other key performance indicators

The Directors consider that the growth in revenue and EBITDA to be the most appropriate performance indicators for the Company.

This Strategic report has been approved by the Board.

On behalf of the Board


M.J. Cole

Director

Date 13/11/2017

Health Made Easy Limited

Report of the Directors for the year ended 31 March 2017

The Directors present their report together with the audited consolidated financial statements of Health Made Easy Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation was £133,000 (2016 – loss £224,000).

The Directors have not declared an interim or final dividend.

Directors

The Directors who served during the year and up to the date of approval were:

M. J. Cole
S. M. Cuthbertson
J. W. Weaver
M.L. Ellison, MBE

Employee involvement

The Group places great value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and regular written communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The "Living Wage" has been fully implemented together with auto enrolment of pensions.

Disabled employees

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the Group.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Qualifying third party indemnity provisions

The Company has put in place qualifying third party indemnity provisions for all of the Directors of the Company which was in force at the date of approval of this report.

Health Made Easy Limited

Report of the Directors for the year ended 31 March 2017 (*continued*)

Corporate governance

The Board

The Board meets approximately monthly during the year to provide the leadership necessary to enable the Group's business objectives to be met and to review the overall strategic development of the Group as a whole. The Board reviews performance at Board meetings and by a detailed monthly management report.

Internal controls

The Board of Directors has overall responsibility for the Group's systems of internal controls and for reviewing their effectiveness. An on-going process has been established for identifying, managing and evaluating the risks faced by the Group, including reputational risk. This process has been in place for the financial year ended 31 March 2017, and up to the date on which the financial statements were approved and is regularly reviewed by the Board.

These systems are designed to manage rather than eliminate business risk, safeguard the Group's assets against material misstatement or loss, fairly report the Group's performance and position, and to ensure compliance with relevant legislation, regulation and best practice, including that related to social, environmental and ethical matters. The systems provide reasonable, not absolute, assurance against material misstatement or loss and are regularly reviewed by the Board to deal with changing circumstances.

Summaries of the key financial risks inherent in the Group's business are given in the Strategic report on pages 2 and 3.

The Group operates a management structure with delegated authority levels and functional reporting lines and accountability. It also operates a budgeting and financial reporting system which compares actual performance to budget and to the previous year on a monthly basis. In addition, the Directors receive regular information on sales activity. All capital expenditure and other purchases are subject to appropriate authorisation procedures.

Directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Report of the Directors 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 Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRS's) as adopted by the European Union. 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 Group and Company and of the profit or loss of the Group for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS's adopted by the European Union 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 Group 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Health Made Easy Limited

Report of the Directors for the year ended 31 March 2017 (*continued*)

Disclosure of information to auditors

The Directors confirm that as far as each Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware. The Directors further confirm each of them has taken all the steps that ought to have been done as Directors in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In accordance with the Companies Act 2006, section 414C (11), the group's Strategic report contains certain disclosures required in the Directors' report.

By order of the Board



A. Husbands

Company secretary

Date 13/11/2017

Health Made Easy Limited

Independent auditor's report

TO THE MEMBERS OF HEALTH MADE EASY LIMITED

We have audited the financial statements of Health Made Easy Limited for the year ended 31 March 2017 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Health Made Easy Limited

Independent auditor's report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Stephen Hale (*Senior statutory auditor*)
For and on behalf of BDO LLP, Statutory auditor
Birmingham
United Kingdom

Date 14 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Health Made Easy Limited

Consolidated statement of comprehensive income for the year ended 31 March 2017

	Note	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Revenue	4	47,493	16,865
Cost of sales		(40,544)	(14,385)
Gross profit		6,949	2,480
Selling and distribution costs		(2,643)	(1,030)
Administrative expenses		(4,098)	(1,611)
Operating profit/(loss)		208	(161)
Finance income		-	2
Finance costs		(183)	(81)
Net finance costs	7	(183)	(79)
Profit/(loss) on ordinary activities before taxation	6	25	(240)
Taxation on profit/(loss) on ordinary activities	8	108	16
Profit/(loss) for the financial year		133	(224)
Other comprehensive income		-	-
Total comprehensive income attributable to the equity holders of the parent company		133	(224)

The results have been derived wholly from continuing activities.

The notes on pages 14 to 40 form part of these financial statements

Health Made Easy Limited

Consolidated balance sheet at 31 March 2017

<i>Company number 09796720</i>	Note	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	9	11,127	11,569
Property, plant and equipment	10	474	569
		<hr/>	<hr/>
		11,601	12,138
		<hr/>	<hr/>
Current assets			
Inventory	12	4,915	4,888
Trade and other receivables	13	4,868	5,221
Cash and cash equivalents	14	283	279
		<hr/>	<hr/>
Total current assets		10,066	10,388
Creditors: amounts falling due within one year	15	(11,267)	(11,214)
		<hr/>	<hr/>
Net current liabilities		(1,201)	(826)
		<hr/>	<hr/>
Total assets less current liabilities		10,400	11,312
Creditors: amounts falling due after more than one year	16	(1,570)	(2,357)
Provisions for liabilities	18	(734)	(992)
		<hr/>	<hr/>
Net assets		8,096	7,963
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	21	573	573
Merger reserve		7,614	7,614
Retained earnings		(91)	(224)
		<hr/>	<hr/>
Total equity		8,096	7,963
		<hr/>	<hr/>

The financial statements on pages 8 to 40 were approved and authorised for issue by the Board of Directors on *13 November 2017* and were signed on its behalf by:


J.W. Weaver
Director

The notes on pages 14 to 40 form part of these financial statements.

Health Made Easy Limited

Company balance sheet at 31 March 2017

Company number 09796720	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	11	14,917	14,917
Current assets			
Trade and other receivables	13	31	33
Cash and cash equivalents	14	31	-
Total current assets		62	33
Creditors: amounts falling due within one year	15	(7,230)	(6,800)
Net current liabilities		(7,168)	(6,767)
Total assets less current liabilities		7,749	8,150
Creditors: amounts falling due after more than one year	16	(85)	(211)
Net assets		7,664	7,939
Capital and reserves			
Called up share capital	21	573	573
Merger reserve		7,614	7,614
Retained earnings		(523)	(248)
Total equity		7,664	7,939

Health Made Easy Limited has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss after tax was £275,000 (6 months ended 31 March 2016: £248,000)

The financial statements on pages 8 to 40 were approved and authorised for issue by the Board of Directors on *13 November 2017* and were signed on its behalf by:


J.W. Weaver
Director

The notes on pages 14 to 40 form part of these financial statements.

Health Made Easy Limited

Consolidated statement of changes in equity for the year ended 31 March 2017

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2016	573	7,614	(224)	7,963
Profit for the financial year	-	-	133	133
Other comprehensive income	-	-	-	-
Total comprehensive income	573	7,614	(91)	8,096
Shares issued during the year	-	-	-	-
Total transactions with owners	-	-	-	-
Shareholders equity as at 31 March 2017	573	7,614	(91)	8,096

Consolidated statement of changes in equity for the year ended 31 March 2016

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Loss for the financial period	-	-	(224)	(224)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(224)	(224)
Shares issued during the period	573	7,614	-	8,187
Total transactions with owners	573	7,614	-	8,187
Shareholders equity as at 31 March 2016	573	7,614	(224)	7,963

Share capital represents the nominal value of share capital subscribed for.

Share premium represents the amounts subscribed for share capital in excess of nominal value.

Retained earnings represent all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Merger reserve arose where merger relief applied to the issue of shares in connection with acquisitions (Note 21).

The notes on pages 14 to 40 form part of these financial statements.

Health Made Easy Limited

Company statement of changes in equity for the year ended 31 March 2017

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2016	573	7,614	(248)	7,939
Loss for the financial year	-	-	(275)	(275)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>573</u>	<u>7,614</u>	<u>(523)</u>	<u>7,664</u>
Shares issued during the year	-	-	-	-
Total transactions with owners	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Shareholders equity as at 31 March 2017	<u>573</u>	<u>7,614</u>	<u>(523)</u>	<u>7,664</u>

Company statement of changes in equity for the year ended 31 March 2016

	Share capital £'000	Merger reserve £'000	Retained earnings £'000	Total Equity £'000
Loss for the financial period	-	-	(248)	(248)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>-</u>	<u>-</u>	<u>(248)</u>	<u>(248)</u>
Shares issued during the period	573	7,614	-	8,187
Total transactions with owners	<u>573</u>	<u>7,614</u>	<u>-</u>	<u>8,187</u>
Shareholders equity as at 31 March 2016	<u>573</u>	<u>7,614</u>	<u>(248)</u>	<u>7,939</u>

Share capital represents the nominal value of share capital subscribed for.

Share premium represents the amounts subscribed for share capital in excess of nominal value.

Retained earnings represent all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The merger reserve arose where merger relief applied to the issue of shares in connection with acquisitions (note 21).

The notes on pages 14 to 40 form part of these financial statements.

Health Made Easy Limited

Consolidated statement of cash flows for the year ended 31 March 2017

	Year ended 31 March 2017 £'000	6 months Ended 31 March 2016 £'000
Cash generated from operating activities (note 23)	1,577	(1,234)
Finance costs paid	(183)	(79)
Income tax paid	(158)	(45)
Net cash generated from operating activities	1,236	(1,358)
Cash flows from investing activities		
Acquisition of subsidiary including overdraft acquired (note 24)*	-	(3,217)
Purchase of intangible fixed assets	(143)	(41)
Purchase of property, plant and equipment	(98)	(40)
Net cash from investing activities	(241)	(3,298)
Cash flows from financing activities		
Proceeds from borrowings (net of issue costs)	-	2,970
Proceeds from Director loans	-	837
Repayment of borrowings	(661)	(167)
Repayment of Directors loan notes	(584)	(379)
Net cash (utilised on)/generated from financing activities	(1,245)	3,261
Net (decrease)/increase in cash and cash equivalents	(250)	(1,395)
Cash and cash equivalents at the start of the period	(1,395)	-
Cash and cash equivalents at the end of period	(1,645)	(1,395)
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	283	279
Bank overdraft	(1,928)	(1,674)
	(1,645)	(1,395)

*The prior year comparatives have been restated in respect of the acquisition of subsidiary to include the overdraft acquired of £1,742,000

The notes on pages 14 to 40 form part of these financial statements.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017

1 General information

Health Made Easy Limited is a private Company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents, Directors and advisors page and the nature of the Group's operations and its principal activity is the wholesale distribution of natural and organic products, including allergen free and healthy lifestyle products.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the EU.

The consolidated financial statements incorporate the financial statements of Health Made Easy Limited ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 March 2017. In accordance with the concession granted under section 408 of the Companies Act 2006, the Income statement of the Company has not been separately presented in the financial statements.

The financial statements and supporting disclosure notes are presented in thousands (denoted by £'000) unless otherwise indicated.

2 Accounting policies

Basis of preparation of financial statements

The financial statements of the Group have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the EU. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the Company's accounting policies (see note 3).

These accounting policies have been used consistently throughout the year presented in the financial statements.

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarised below.

The Company has applied Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101").

The following exemptions from the requirements of International Financial Reporting Standards ("IFRS") have been applied in the preparation of the parent company financial statements:

The following paragraphs of IAS 1, 'Presentation of financial statements':

- 10(d) (statement of cash flows);
- 10(f) (balance sheet as at the beginning of the preceding period after statement of cash flows);
- 16 (statement of compliance with all IFRS),
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 40A-D (requirements for a third balance sheet);
- 111 (cash flow statement information), and;
- 134-136 (capital management disclosures)

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Accounting policies (continued)

Basis of preparation of financial statements (continued)

- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of Paragraph 79 (a) (iv) of IAS 1 'Presentation of financial statements';
- IAS 7, 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors';
- IFRS 7, 'Financial instruments: Disclosures';
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Revenue

Revenue represents amounts derived from the wholesale and distribution of natural and organic products to third party customers and advertising income from third party suppliers. Revenue is stated net of VAT and trade discounts. Revenue from the sale of goods is recognised when the goods are physically delivered to the customers. Revenue from the supply of advertising space in the Group's catalogues is recorded at the value of the consideration due when the advertisement has been published.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Goodwill

Goodwill represents the excess of the cost of a business combination over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets - Customer relationships, supplier relationship and brand

Intangible assets acquired through a business combination are initially measured at fair value and amortised on a straight line basis over their useful economic lives. Amortisation is shown within administrative expenses in the Consolidated statement of comprehensive income.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

2 Accounting policies (continued)

Intangible assets - Customer relationships, supplier relationship and brand (continued)

The useful economic lives of the intangible assets recognised on acquisition are as follows:

- Customer relationships recognised on acquisition - 8 years
- Supplier relationships recognised on acquisition - 10 years
- Brand recognised on acquisition - 15 years

Intangible assets - software

Where computer software is not an integral part of a related item of computer hardware, the software is treated as an intangible asset. Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring into use the specific software.

An internally generated intangible asset arising from the Group's development of computer systems (including websites) is recognised if, and only if, the costs are directly associated with the production of identifiable and unique software products, controlled by the Group and it is probable that future economic benefits will flow to the Group.

Costs recognised as assets are amortised over their estimated useful lives (three to ten years) using the straight line method.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	-	7%
Plant and machinery	-	10% to 33%
Motor vehicles	-	10%
Fixtures and fittings	-	10% to 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted retrospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Consolidated statement of comprehensive income.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Operating leases: Lessee

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the period of the lease.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Inventory

Inventory is stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, inventory is assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

Financial instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade receivables and other receivables; these are initially recorded at fair value and subsequently measured at amortised cost under the effective interest method. The Group considers evidence of impairment for all individual trade and other receivables and any subsequent impairment is recognised in the Consolidated statement of comprehensive income.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment. Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise bank loans and overdrafts, trade payables, amounts owed to group undertakings, loan notes, other payables and accruals and deferred income; these are initially recorded at fair value and are subsequently carried at amortised cost under the effective interest rate method.

Bank loans are recorded net of transactions costs.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Foreign currency translation

Functional and presentation currency

The Group's functional and presentational currency is British Pounds, Sterling.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Foreign currency translation (*continued*)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income.

Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance income

Interest income is recognised in the Consolidated statement of comprehensive income on an accruals basis.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due.

Amounts not paid are shown in accruals as a liability in the Consolidated balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Consolidated balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Consolidated balance sheet.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

New standards, amendments, and IFRIC interpretations

New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2016 have had a material impact on the Group or parent company.

New standards, amendments and interpretations not yet adopted

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year ended 31 March 2017 and have not been early adopted:

- IFRS 2 Amendments regarding the classification and measurement of share based payment transactions;
- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 15 (amended) Amendments regarding clarification in assisting companies with implementing the new Standard
- IFRS 16 Leases;
- IAS 12 (amended) Amendments regarding the recognition of deferred tax assets for unrealised losses;
- IAS 7 (amended) Amendments regarding disclosure for changes in liabilities arising from financing activities;
- IAS 40 (amended) Amendments bringing clarification around the transfers of property to and from investment properties;
- Improvements to IFRSs (September 2014);
- IFRIC 22 Foreign Currency Transactions and Advance Consideration;
- IFRIC 23 Uncertainty over Income Tax Treatments

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

2 Accounting policies (*continued*)

New standards, amendments, and IFRIC interpretations (*continued*)

New standards, amendments and interpretations (continued)

The adoption of both IFRS 9 and IFRS 16 will impact both the measurements and disclosures of financial instruments and operating leases respectively.

IFRS 15 will impact the disclosures of revenue. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until a detailed review has been completed. The other standards and interpretations are not expected to have any significant impact on the financial statements when applied.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. These judgements and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the Directors have made the following key judgements and estimates:

Property, plant and equipment

Tangible fixed assets are depreciated over their useful lives taking in account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Trade receivables

At each reporting date, trade receivables are assessed for recoverability. If there is any evidence of impairment, the carrying amount of the receivable is reduced to its recoverable amount. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

3 Judgments in applying accounting policies and key sources of estimation uncertainty (*continued*)

Inventories

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Consolidated statement of comprehensive income.

Intangibles valuation

As detailed in note 2, separately identifiable intangible assets are identified and amortised over defined periods. The Directors use an acknowledged valuation approach but this is reliant upon certain judgements which they determine are reasonable by reference to companies in similar industries and through the use of a valuation specialist.

Impairment

The Group follows the guidance of IAS 38 and IFRS 3 to determine when intangible assets or goodwill are impaired. In making this judgement management take into account the following factors:

Intangible assets - obsolescence of certain technologies within the software product, and whether the software product is no longer fit for the purpose it was developed for.

Goodwill and acquired intangible assets - the decline in future cash flows from potential adverse changes in the businesses acquired.

4 Revenue

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Analysis of revenue by country of destination:		
United Kingdom	42,404	14,988
Europe	4,345	1,436
Rest of the world	744	441
	<hr/>	<hr/>
	47,493	16,865
	<hr/>	<hr/>

The whole of the revenue is attributable to the principal activity of the Group.

In the opinion of the Directors, the Group only has one operating segment, therefore no further segmental reporting is provided in these financial statements.

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

5 Staff costs

(a) Consolidated staff costs	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
(i) Employees		
Staff costs consist of:		
Wages and salaries	3,115	1,089
Social security costs	288	97
Cost of defined contribution pension scheme	50	17
	<u>3,453</u>	<u>1,203</u>
The monthly average number of people, (including directors) employed by the Group during the year was as follows:	Number	Number
Sales and administration	42	44
Operations	87	88
	<u>129</u>	<u>132</u>
(ii) Directors' remuneration		
	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Director's emoluments	186	56
Company contributions to defined contribution pension scheme	11	4
	<u>197</u>	<u>60</u>

During the year retirement benefits were accruing to 1 director (2016 – 1) in respect of a defined contribution pension scheme.

See also note 26 for fees received in relation to directors' services.

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017. (continued)

5 Staff costs (continued)

(a) Consolidated staff costs (continued)

(iii) Key management personnel

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Wages and salaries	294	148
Social security costs	34	18
Cost of defined contribution pension scheme	8	7
	<hr/>	<hr/>
	336	173
	<hr/>	<hr/>

(b) Company staff costs

The company has no employees other than the Directors.

6 Profit on ordinary activities before taxation

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
This has been arrived at after charging/(crediting):		
Inventory recognised as expense	40,967	12,693
Amortisation of intangibles (note 9)	585	206
Depreciation of property, plant and equipment – owned assets (note 10)	193	80
Hire of land and building – operating lease	457	169
Hire of other assets – operating lease	207	82
Impairment of inventories	(49)	(14)
Impairment of trade receivables (included in administrative expenses)	(2)	41
External transaction costs relating to the business acquisition activity	276	303
Fees payable to the Group's auditor		
- Audit of the Company and its subsidiaries	31	36
- Tax compliance services	3	3
- Other	55	2
Exchange differences	55	39
	<hr/>	<hr/>

Operating profit includes exceptional costs related to restructuring activities that took place in the current year of £93,000

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

7 Net finance costs

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Finance costs:		
Bank interest payable	183	81
	<hr/>	<hr/>
Finance costs	183	81
	<hr/>	<hr/>
Finance income:		
Bank deposits	-	2
	<hr/>	<hr/>
Finance income	-	2
	<hr/>	<hr/>
Net finance costs	183	79
	<hr/>	<hr/>

8 Taxation on profit on ordinary activities

Tax credit included in the Consolidated statement of comprehensive income:

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
The taxation charge/(credit) for the year comprises:		
Current tax on profits for the period	161	16
Adjustment in respect of prior periods	(6)	
	<hr/>	<hr/>
Total corporation tax	155	16
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	(85)	(32)
Effect of change in rate	(108)	-
Adjustments in respect of prior periods	(70)	-
	<hr/>	<hr/>
Total deferred tax	(263)	(32)
	<hr/>	<hr/>
Tax credit on profit on ordinary activities	(108)	(16)
	<hr/>	<hr/>

There is no tax impact on other comprehensive income or equity in the current or prior period.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

8 Taxation on profit from ordinary activities (*continued*)

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 20% (2016 – 20%). The differences are explained below:

	Year ended 31 March 2017 £'000	6 months ended 31 March 2016 £'000
Profit on ordinary activities before tax	25	(240)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	5	(48)
Effects of:		
Expenses not deductible for tax purposes	67	43
Deduction in respect of R&D expenditure	-	(11)
Adjustment to tax charge in respect of prior periods	(72)	-
Effect of change in rates	(108)	-
Tax credit for year	(108)	(16)

Factors affecting current and future tax charges

A number of changes in the UK corporation tax system were announced in the March 2016 budget, including that the main rate of corporation tax would reduce to 17% with effect from 1 April 2020. These tax rate reductions have been substantively enacted to date and therefore have been reflected in the financial statements.

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (*continued*)

9 Intangible assets

2017 Group	Customer relationships £'000	Supplier relationships £'000	Brand £'000	Software £'000	Goodwill £'000	Total £'000
<i>Cost</i>						
At 1 April 2016	1,950	1,060	1,870	543	6,352	11,775
Additions	-	-	-	143	-	143
At 31 March 2017	1,950	1,060	1,870	686	6,352	11,918
<i>Accumulated amortisation</i>						
At 1 April 2016	92	40	47	27	-	206
Charge for the year	244	106	124	111	-	585
At 31 March 2017	336	146	171	138	-	791
<i>Net book value</i>						
At 31 March 2017	1,614	914	1,699	548	6,352	11,127
At 31 March 2016	1,858	1,020	1,823	516	6,352	11,569
2016 Group	Customer relationships £'000	Supplier relationships £'000	Brand £'000	Software £'000	Goodwill £'000	Total £'000
<i>Cost</i>						
At acquisition	1,950	1,060	1,870	502	6,352	11,734
Additions	-	-	-	41	-	41
At 31 March 2016	1,950	1,060	1,870	543	6,352	11,775
<i>Accumulated amortisation</i>						
Charge for the year	92	40	47	27	-	206
At 31 March 2016	92	40	47	27	-	206
<i>Net book value</i>						
At 31 March 2016	1,858	1,020	1,823	516	6,352	11,569

The Company had no intangible fixed assets.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

9 Intangible assets (continued)

Impairment tests for goodwill

As described in note 2, the Group tests goodwill on an annual basis or more frequently where there are indicators of possible impairment. For the purpose of impairment testing all goodwill is tested as one business segment.

The recoverable amount is based on its estimated value in use, which is calculated by a discounted cash flow model derived from the most recent annual budget presented to the Board of Directors. The budget for the next four financial periods are then based on the business forecasts in place and a terminal value is used for the periods beyond, based on a terminal growth rate of 2.5%. This rate is based on the long term growth rate of the UK economy. Assumptions included within the cash flow forecast include customer sales projections, based on management's estimates of available market size.

Discount rate

The key assumption within the cash flow model is the discount rate. Management has used a discount rate based on a post-tax discount rate of 13.5% for performing impairment calculations. This discount rate is derived from the Group's post-tax weighted average cost of capital and is adjusted where applicable to take into account any specific risks. Reasonably possible sensitivities in the discount rate have been considered and were the discount rate to increase beyond 14.8%, or the forecast cash flows to decrease by circa 11.5% then the carrying value would exceed its recoverable amount.

Based on the reviews performed no impairments have arisen.

10 Property, plant and equipment

2017 Group	Leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 April 2016	134	199	5	311	649
Additions	38	4	-	56	98
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	172	203	5	367	747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
At 1 April 2016	12	51	-	17	80
Charge for the year	34	63	1	95	193
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	46	114	1	112	273
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2017	126	89	4	255	474
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	122	148	5	294	569
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

10 Property, plant and equipment (continued)

2016 Group	Leasehold property £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At acquisition	131	162	5	311	609
Additions	3	37	-	-	40
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	134	199	5	311	649
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
Charge for the year	12	51	-	17	80
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	12	51	-	17	80
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2016	122	148	5	294	569
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Depreciation expense is charged to Administrative expenses within the Consolidated statement of comprehensive income. Details of any securities over assets are disclosed in note 16.

The Company had no tangible fixed assets.

11 Investments

Investments
in subsidiary
companies
£'000

At 31 March 2017 and 31 March 2016

14,917

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

11 Investments (continued)

The following were subsidiary undertakings of the Company at the year end:

Name	Country of Incorporation	Class of shares	Holding	Nature of business
Tree of Life UK Limited	UK	Ordinary	100%	Wholesale and distribution
Brewhurst Health Supplies Limited	England	Ordinary	100%	Dormant

12 Inventory

	2017 £'000	2016 £'000
Finished goods and goods for resale	4,915	4,888

An impairment credit of £49,000 (2016: credit of £14,000) was recognised in cost of sales against inventory in the period due to slow moving and obsolete inventory.

There is no material difference between the replacement cost of inventory and the amounts stated above.

The Company had no inventory.

13 Trade and other receivables

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Amounts falling due within one year:				
Trade receivables	4,292	4,613	-	-
Other receivables	263	240	31	33
Prepayments and accrued income	313	368	-	-
	<u>4,868</u>	<u>5,221</u>	<u>31</u>	<u>33</u>

All amounts shown under trade and other receivables fall due for payment within one year.

An impairment credit of £2,000 (2016 - £41,000 loss) was recognised in the year in respect of bad and doubtful trade receivables.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

14 Cash and cash equivalents

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Cash at bank and in hand	283	279	31	-
Less: bank overdraft	(1,928)	(1,674)	-	-
	<u>(1,645)</u>	<u>(1,395)</u>	<u>31</u>	<u>-</u>

15 Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans and overdrafts (secured)	2,588	2,334	-	-
Trade payables	7,817	7,514	119	12
Corporation tax	17	20	-	2
Social security and other taxes	75	119	-	-
Amounts owed to group undertakings	-	-	6,890	6,202
Other payables	82	49	-	-
Accruals and deferred income	562	594	95	-
Directors loan notes	126	584	126	584
	<u>11,267</u>	<u>11,214</u>	<u>7,230</u>	<u>6,800</u>

Included within bank loans and overdrafts there is an invoice discounting liability of £1,928,000 (2016: £1,674,000) which is secured by both fixed and floating charges on the assets of the group.

Details of the term loan included within bank loans and overdrafts are also referred to in note 16.

Amounts owed to group undertakings are unsecured and do not bear interest.

During the period ended 31 March 2016 the Group issued two types of loan notes to the Directors of the Group. A loan note instrument of £336,675 unsecured loan notes were issued to be repaid in quarterly instalments of £21,000 rising to £42,000 from 30 September 2017 with a final payment of £42,675 on 30 September 2018. Interest is accrued and paid quarterly on the loan notes at an interest rate of 5% above the Bank of England base rate per annum.

A second loan note instrument was issued to the Directors of the Group for £500,000 to be repaid in full on the first anniversary of the date of issue which was 19 November 2016. Interest is being accrued and paid quarterly at a rate of 12% above the Bank of England base rate per annum.

Details of the split of holdings by Director can be found in note 26.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

16 Creditors: amounts falling due after more than one year

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Bank loans	1,485	2,146	-	-
Director loan notes	85	211	85	211
	<u>1,570</u>	<u>2,357</u>	<u>85</u>	<u>211</u>

The group makes use of two financing loans being a revolving credit facility and a term loan.

The revolving credit facility of £1,000,000 bears interest at 3% per annum above LIBOR. The facility is repayable in full at the end of the term being November 2018.

The term loan is for a principal amount of £2,000,000 which is repayable in equal quarterly amounts of £166,666. Interest is charged at 2.5% per annum above LIBOR.

Both loans are secured over the assets of the Group.

Bank loans are shown net of arrangement fees.

17 Total operating lease charges

	2017 Total £'000	2016 Total £'000
On leases expiring:		
Within one year	578	588
Between one and five years	1,642	1,740
After five years	4,673	5,083
	<u>6,893</u>	<u>7,411</u>

The Company had no non-cancellable operating leases.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (*continued*)

18 Provisions for liabilities

Group	Deferred tax £'000	Property dilapidations £'000	Total £'000
At 1 April 2016	982	10	992
(Credited)/charged to the income statement	(263)	5	(258)
At 31 March 2017	719	15	734

See note 20 for disclosures on deferred taxation.

The provision for property dilapidations relates to leasehold properties.

19 Financial instruments

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk and liquidity risk. The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are disclosed within the Directors' report on page 4 of these financial statements.

Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders; and
- repay holders of director loan notes

by pricing products and services commensurately with the level of risk.

The Group monitors the amount of capital in proportion to its overall financing structure, i.e. equity and net debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated balance sheet plus net debt.

	2017 Total £'000	2016 Total £'000
Total borrowings and accrued interest (note 15 and 16)	4,309	5,292
Less: Cash at bank and in hand (note 14)	(283)	(279)
Net debt	4,026	5,013
Total equity	8,096	7,963
Total capital	12,122	12,976

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

19 Financial instruments (continued)

The Group and Company have the following financial assets and liabilities:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,764	5,132	103	33
Financial liabilities				
Financial liabilities measured at amortised cost	(12,215)	(13,432)	(7,315)	(6,999)

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade payables, amounts owed to group undertakings, other payables, accruals and deferred income and directors loan notes. Fair values mirror book values for all financial assets and liabilities.

Trade receivables

As at 31 March 2017, £714,000 (2016: £457,000) of the individual gross trade receivables were past due and partially impaired. A provision for impairment is established based on historical experience. The amount of the provision, as at 31 March 2017, was £170,000 (2016: £172,000). The individually impaired receivables principally relate to monies owing for distribution sales. The ageing of these receivables is as follows:

	2017 Total £'000	2016 Total £'000
One to six months	588	366
Over six months	126	91
Net debt	714	457

The amount of gross trade receivables past due that were not impaired was not significant.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

19 Financial instruments (continued)

The movement on the provision for impairment of trade receivables is as follows:

	2017 Total £'000
At 1 April	172
Credit in the year	(2)
Amounts written off as irrecoverable	-
	<hr/>
At 31 March	170
	<hr/>

Borrowing facilities

The Group has £959,000 (2016: £934,000) on the invoice discounting facility that is unutilised at the year end.

Liquidity risk management

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Less than 1 month £'000	1 – 3 months £'000	3 months to 1 year £'000	1 – 5 years £'000	>5 years £'000	Total £'000
31 March 2017	(4,375)	(2,061)	(695)	(1,738)	-	(8,869)

	Less than 1 month £'000	1 – 3 months £'000	3 months to 1 year £'000	1 – 5 years £'000	>5 years £'000	Total £'000
31 March 2016	(2,794)	(1,568)	(1,195)	(2,653)	-	(8,210)

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

20 Deferred taxation

Group

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws substantively enacted at the Balance sheet date:

	2017 £'000	2016 £'000
Balance brought forward	(982)	-
Arising on business combinations	-	(1,014)
Credited to income statement	263	32
	<hr/>	<hr/>
At 31 March	(719)	(982)
	<hr/>	<hr/>
	Group 2017 £'000	Group 2016 £'000
Arising on intangibles acquired in business combination	(718)	(890)
Accelerated capital allowances	(1)	(92)
	<hr/>	<hr/>
	(719)	(982)
	<hr/>	<hr/>

21 Share capital

	2017 £'000	2016 £'000
Authorised, allotted and fully paid		
572,796 ordinary shares of £1 each	573	573
	<hr/>	<hr/>

During the prior year the Company issued 572,796 Ordinary Shares of £1 each at a deemed issue price of £17.46.

Merger relief applied to the issue of these shares which was in connection with the acquisition of subsidiary undertakings, and the difference between the deemed issue price and nominal value of the shares has been credited to a merger reserve.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

22 Pension commitments

Defined contribution plans

The Group operates a defined contribution scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension charge amounted to £50,000. Contributions amounting to £10,000 payable at the end of the year to the fund and are included in credited amounts falling due within one year.

23 Reconciliation of cash generated from operations

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit/(loss) for the financial year	133	(224)
Adjustments for:		
Amortisation of intangibles (note 9)	585	206
Depreciation of property, plant and equipment - owned assets (note 10)	193	80
Interest paid	183	81
Interest received	-	(2)
Taxation	(108)	(16)
Changes in working capital (excluding acquisitions):		
(Increase)/decrease in inventory	(27)	304
Decrease in trade and other receivables	353	116
Increase/(decrease) in trade and other payables and provisions	265	(1,779)
Cash generated from operating activities	1,577	(1,234)

24 Acquisitions

Acquisition of Seebeck 115 Limited and subsidiaries in prior period

The acquisition of Seebeck 115 Limited and its subsidiaries took place on 19 November 2015 when the group acquired 100% of Seebeck 115 Limited for a total consideration of £9,998,780. This purchase price was satisfied by cash of £1,476,104, loan notes issued of £336,675 and consideration shares in Health Made Easy Limited (formerly Seebeck 134 Limited) with a total value of £8,186,001.

In calculating the goodwill arising on acquisition, the fair value of net assets of Seebeck 115 Limited and its subsidiaries have been assessed and only adjustments made reflect the recognition of intangible assets and associated deferred taxation. No other fair value adjustments were considered necessary.

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

24 Acquisitions (continued)

	Book value £'000	Fair value adjustment £'000	Fair value £'000
Intangible assets	502	4,880	5,382
Property, plant and equipment	609	-	609
Inventory	5,192	-	5,192
Trade and other receivables	5,337	-	5,337
Cash at bank and in hand	(1,741)	-	(1,741)
Other working capital	(10,118)	-	(10,118)
Deferred tax (note 20)	(88)	(926)	(1,014)
Fair value of net assets acquired	(307)	3,954	3,647
Goodwill arising			6,352
Purchase consideration			9,999
Satisfied by:			
Purchase consideration settled in cash, as above			(1,476)
Cash and cash equivalents in subsidiary acquired			(1,741)
Cash outflow on acquisition			(3,217)

**Current
period
since
acquisition
2016
£'000**

The results of Seebeck 115 Limited and its subsidiaries since its acquisition are as follows:

Turnover	16,865
Profit before tax (after amortisation of intangibles)	(63)

Health Made Easy Limited

Notes forming part of the financial statements for the period ended 31 December 2017 (continued)

24 Acquisitions (continued)

Had the acquisition taken place on the first day of the Group's accounting period of 27 September 2015, the acquisition would have contributed £24,180,000 of revenue and loss before tax of £90,000 (after amortisation of intangibles).

The goodwill and intangible assets arising from the acquisition is attributable to management's experience in the industry, together with the customers and supplier relationships, the value of the brand and the skill of the workforce in providing services to customers and suppliers.

Acquisition related costs in prior period

Acquisition related costs were £303,000 and comprised consultancy fees and legal and advisory costs. These have been recorded within administrative expenses in the consolidated statement of comprehensive income.

Liquidation of Seebeck 115 Limited and TOL Acquisition Co Limited in prior period

On 31 March 2016 Seebeck 115 Limited and TOL Acquisition Co Limited were both dissolved and as part of the transaction the investment held by TOL Acquisition Co Limited in Tree of Life UK Limited of £4,918,000 was transferred to Health Made Easy Limited (formerly Seebeck 134 Limited). An intercompany balance was created in settlement of this transaction, therefore no goodwill was created.

25 Ultimate parent undertaking and controlling party

In the opinion of the Directors there is no ultimate controlling party.

26 Related party transactions

The share capital of the Company is held by the Directors as follows:

Director	Number of share held
M.J. Cole	319,712
S.M. Cuthbertson	171,513
J. W. Weaver	81,571
M.L. Ellison, MBE	-

The shares were issued to the Directors in the period ended 31 March 2016 at a deemed issue price of £17.46 per share in exchange for the same number of shares each Director held in Seebeck 115 Limited that was acquired in the period.

At the same time as the acquisition of Seebeck 115 Limited, the Directors disposed of their interest in another company, Brands of Distinction Limited, and the cash outflows of the Group in the prior period included £1,841,000 to settle amounts with Brands of Distinction Limited that were included in liabilities as at the date of acquisition.

Health Made Easy Limited

Notes forming part of the financial statements for the year ended 31 March 2017 (continued)

26 Related party transactions (continued)

Orpheus Corporate Finance LLP is controlled by S.M. Cuthbertson and Pivot Business Management Limited is controlled by M.J. Cole. During the year these entities charged fees in respect of acquisition advisory services of £30,000 (2016: £93,886) and £40,000 (2016: £30,000) respectively.

The following amounts in respect of director services were recharged to the group: Orpheus Corporate Finance LLP - £56,381 (2016: £5,000) with an additional £4,000 (2016: £9,000) being accrued, Pivot Business Management Limited - £94,818 (2016: £28,000) with an additional £1,000 being accrued (2016: Nil); and Lorraine Ellison Limited - £19,956 (2016: £7,000) in relation to director services. Amounts in respect of Pivot - £7,500 and Lorraine Ellison Limited - £2,000 were outstanding as at 31 March 2017. No amounts were outstanding at 31 March 2017 or 31 March 2016 except for the amounts accrued as noted above.

The Directors hold the following loan notes with the Group:

Director	Total loan Amount	Interest Charged in period	Capital repayments made in period	Balance Outstanding as at 31 March 2017
2017				
M.J. Cole	164,476	8,119	46,885	117,590
S.M. Cuthbertson	88,235	4,355	25,152	63,082
J.W. Weaver	41,964	2,071	11,962	30,002
	<hr/>	<hr/>	<hr/>	<hr/>
Total	294,675	14,545	83,999	210,674
	<hr/>	<hr/>	<hr/>	<hr/>
2016				
M.J. Cole	187,919	3,675	23,443	164,476
S.M. Cuthbertson	100,811	1,971	12,576	88,235
J.W. Weaver	47,945	938	5,981	41,964
	<hr/>	<hr/>	<hr/>	<hr/>
Total	336,675	6,584	42,000	294,675
	<hr/>	<hr/>	<hr/>	<hr/>

Health Made Easy Limited

Notes forming part of the financial statements
for the year ended 31 March 2017 (continued)

26 Related party transactions (continued)

The Directors hold the following directors loans with the group:

Director	Total loan Amount	Interest Charged in period	Capital repayments made in period	Balance Outstanding as at 31 March 2017
2017				
M.J. Cole	279,080	22,585	279,080	-
S.M. Cuthbertson	149,716	12,116	149,716	-
J.W. Weaver	71,204	5,762	71,204	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	500,000	40,463	500,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
2016				
M.J. Cole	279,080	12,390	-	279,080
S.M. Cuthbertson	149,716	6,647	-	149,716
J.W. Weaver	71,204	3,161	-	71,204
	<hr/>	<hr/>	<hr/>	<hr/>
Total	500,000	22,198	-	500,000
	<hr/>	<hr/>	<hr/>	<hr/>

27 Contingent liability

Under a guarantee to its bankers, the Company is subject to a composite company limited multilateral guarantee to cover amounts advanced to Tree of Life UK Limited. At 31 December 2016, the amounts due to the Group's bankers amounted to £1,166,662 (2015 - £1,833,333). All borrowings are secured by a first charge over the assets of the Group.