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WELEDA (UK) LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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FOR THE YEAR ENDED 31 DECEMBER 2006**

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WELEDA (UK) LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2006**

DIRECTORS: P Sirdey (Chairman)
R Ballard (Managing director)
I Wiggle (Non-executive)
M Aebersold (Director)

SECRETARY: S A Spibey

REGISTERED OFFICE: Heanor Road
Ilkeston
Derbyshire
DE7 8DR

REGISTERED NUMBER: 203230 (England and Wales)

AUDITORS: Duncan & Toplis
14 London Road
Newark
Nottinghamshire
NG24 1TW

BANKERS: HSBC Bank plc
Bath Street
Ilkeston
Derbyshire
DE7 8DD

SOLICITORS: Chambers & Hind
Bath Street
Ilkeston
Derbyshire
DE7 8GT

WELEDA (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report with the financial statements of the company for the year ended 31 December 2006

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the manufacture and distribution of medicinal products and high quality toiletries on the principles of anthroposophical medicines

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and complex nature of our business and is written in the context of the risks and uncertainties we face

The company's activities involve the production and sale of Anthroposophic and Homeopathic Medicines and Natural Bodycare products

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross margin and return on capital employed

The different product categories have had mixed results but overall the company reported a 2.2% increase in sales which was down to an increase in volume

The company is going to undertake a number of initiatives during the coming year with the aim of developing both Remedies and OTC sales

Operating profit fell from £319,903 (2005) to £267,182. This fall is due to a substantial investment made by the management team in activities such as marketing to develop the business for the future

Return on capital employed fell from 15.5% (2005) to 11.9%. Return on capital employed is calculated as profit before interest and tax divided by capital employed, which constitutes shareholders funds

The business in which we operate, continues to be very challenging with current legislation forever changing. We operate in a market where there are a number of big players who spend millions on advertising alone, something we are unable to match. We are also subject to consumer spending patterns and consumers' overall level of disposable income within our economy

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen future events to which we must have the agility and flexibility to respond as an organisation, whilst at the same time pursuing our overall direction

DIVIDENDS

The final dividend for 2005 on the ordinary shares was paid in April 2006 in the sum of £68,250

The preference share dividend for the year was £5,970

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies which have resulted in a continued sales growth in recent years. They consider that 2007 will show a further growth in sales

WELEDA (UK) LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2006

DIRECTORS

The directors during the year under review were

P Sirdey	
R Ballard (Managing director)	
M Van den Hoogenband (Director)	- resigned 13 4 06
I Wiggle (Non-executive)	
M Aebersold	- appointed 13 4 06

The beneficial interests of the directors holding office on 31 December 2006 in the issued share capital of the company were as follows

	31 12 06	1 1 06 or date of appointment if later
Ordinary £1 shares		
P Sirdey	-	-
R Ballard (Managing director)	-	-
I Wiggle (Non-executive)	-	-
M Aebersold	-	-
6% redeemable cumulative preference £1 shares		
P Sirdey	-	-
R Ballard (Managing director)	4,000	3,250
I Wiggle (Non-executive)	1,000	1,000
M Aebersold	-	-

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the client made the following donations

Steiner School	£1,105
Park Attwood Clinic	£3,250
Christian Community	£520
Seed Fund	£250

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WELEDA (UK) LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2006**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Duncan & Toplis, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985

ON BEHALF OF THE BOARD



R Ballard - Managing Director

Date

19th March 2007

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF WELEDA (UK) LIMITED

We have audited the financial statements of Weleda (UK) Limited for the year ended 31 December 2006 on pages six to nineteen. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

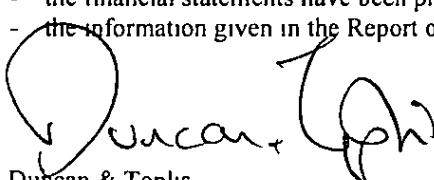
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements.



Duncan & Topliss
14 London Road
Newark
Nottinghamshire
NG24 1TW

Date 20th March 2007

WELEDA (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	31 12 06 £	31 12 05 £
TURNOVER	2	4,780,221	4,676,347
Cost of sales		<u>1,221,506</u>	<u>1,244,896</u>
GROSS PROFIT		3,558,715	3,431,451
Administrative expenses		<u>3,293,418</u>	<u>3,120,453</u>
		265,297	310,998
Other operating income		<u>1,885</u>	<u>8,905</u>
OPERATING PROFIT	4	267,182	319,903
Interest receivable and similar income		<u>10,280</u>	<u>9,708</u>
		277,462	329,611
Interest payable and similar charges	5	<u>47,628</u>	<u>11,696</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		229,834	317,915
Tax on profit on ordinary activities	6	<u>75,889</u>	<u>101,263</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>153,945</u>	<u>216,652</u>
PROFIT FOR THE YEAR		153,945	216,652
Retained profit brought forward		<u>877,498</u>	<u>701,796</u>
		1,031,443	918,448
Dividends	7	<u>(68,250)</u>	<u>(40,950)</u>
RETAINED PROFIT CARRIED FORWARD		<u>963,193</u>	<u>877,498</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

WELEDA (UK) LIMITED

**BALANCE SHEET
31 DECEMBER 2006**

	Notes	31 12 06 £	£	31 12 05 £	£
FIXED ASSETS					
Tangible assets	8		2,595,787		1,546,732
Investments	9		<u>-</u>		<u>-</u>
			2,595,787		1,546,732
CURRENT ASSETS					
Stocks	10	807,926		931,929	
Debtors	11	844,725		706,932	
Cash at bank and in hand		<u>326,213</u>		<u>315,948</u>	
		1,978,864		1,954,809	
CREDITORS					
Amounts falling due within one year	12	<u>1,029,048</u>		<u>1,079,716</u>	
NET CURRENT ASSETS			<u>949,816</u>		<u>875,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,545,603		2,421,825
CREDITORS					
Amounts falling due after more than one year	13		(1,156,171)		(140,000)
PROVISIONS FOR LIABILITIES	17		<u>(61,239)</u>		<u>(39,327)</u>
NET ASSETS			<u>2,328,193</u>		<u>2,242,498</u>
CAPITAL AND RESERVES					
Called up share capital	18		1,365,000		1,365,000
Profit and loss account			<u>963,193</u>		<u>877,498</u>
SHAREHOLDERS' FUNDS	24		<u>2,328,193</u>		<u>2,242,498</u>

The financial statements were approved by the Board of Directors on *19/12 March 2007* and were signed on its behalf by

R Ballard

R Ballard - Managing Director

The notes form part of these financial statements

WELEDA (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	31 12 06 £	£	31 12 05 £	£
Net cash inflow from operating activities	1		503,190		437,467
Returns on investments and servicing of finance	2		(37,348)		(1,988)
Taxation			(75,361)		(141,631)
Capital expenditure	2		(1,203,401)		(345,878)
Equity dividends paid			<u>(68,250)</u>		<u>(40,749)</u>
			(881,170)		(92,779)
Financing	2		<u>1,090,000</u>		<u>(73,402)</u>
Increase/(Decrease) in cash in the period			<u>208,830</u>		<u>(166,181)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		208,830		(166,181)	
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(1,090,000)</u>		<u>73,402</u>	
Change in net debt resulting from cash flows			<u>(881,170)</u>		<u>(92,779)</u>
Movement in net debt in the period			(881,170)		(92,779)
Net (debt)/funds at 1 January			<u>(32,617)</u>		<u>60,162</u>
Net debt at 31 December			<u>(913,787)</u>		<u>(32,617)</u>

The notes form part of these financial statements

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 12 06 £	31 12 05 £
Operating profit	267,182	319,903
Depreciation charges	154,346	142,912
Decrease/(Increase) in stocks	124,003	(149,884)
Increase in debtors	(137,793)	(67,525)
Increase in creditors	<u>95,452</u>	<u>192,061</u>
Net cash inflow from operating activities	<u>503,190</u>	<u>437,467</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31 12 06 £	31 12 05 £
Returns on investments and servicing of finance		
Interest received	10,280	9,708
Interest paid	<u>(47,628)</u>	<u>(11,696)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(37,348)</u>	<u>(1,988)</u>
Capital expenditure		
Purchase of tangible fixed assets	<u>(1,203,401)</u>	<u>(345,878)</u>
Net cash outflow for capital expenditure	<u>(1,203,401)</u>	<u>(345,878)</u>
Financing		
New loans in year	1,100,000	-
Loan repayments in year	<u>(10,000)</u>	<u>(73,402)</u>
Net cash inflow/(outflow) from financing	<u>1,090,000</u>	<u>(73,402)</u>

The notes form part of these financial statements

WELEDA (UK) LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 1 06 £	Cash flow £	At 31 12 06 £
Net cash			
Cash at bank and in hand	315,948	10,265	326,213
Bank overdraft	<u>(198,565)</u>	<u>198,565</u>	<u>-</u>
	<u>117,383</u>	<u>208,830</u>	<u>326,213</u>
Debt			
Debts falling due within one year	(10,000)	(73,829)	(83,829)
Debts falling due after one year	<u>(140,000)</u>	<u>(1,016,171)</u>	<u>(1,156,171)</u>
	<u>(150,000)</u>	<u>(1,090,000)</u>	<u>(1,240,000)</u>
Total	<u>(32,617)</u>	<u>(881,170)</u>	<u>(913,787)</u>

The notes form part of these financial statements

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings. The accounts are prepared in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	- 5% on reducing balance
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value, after making due allowance for obsolete and slow-moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Transactions expressed in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined benefit pension scheme, which is now closed to new employees. The pension cost charged to the profit and loss account is calculated so as to spread the costs of the pension over the employees working lives with the company.

In accordance with FRS 17, Retirement Benefits, the scheme is deemed to meet the requirements of a multi-employer scheme without separable assets being identifiable and therefore the accounting treatment is that applied to a defined contribution scheme.

The company also operates a defined contribution pension scheme. The pension cost is charged to the profit and loss account as incurred.

WELEDA (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006****2 TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	31 12 06	31 12 05
	£	£
United Kingdom	4,235,185	4,067,516
Other EU Member States	495,030	541,896
Others	<u>50,006</u>	<u>66,935</u>
	<u>4,780,221</u>	<u>4,676,347</u>

3 STAFF COSTS

	31 12 06	31 12 05
	£	£
Wages and salaries	1,368,162	1,313,372
Social security costs	107,550	92,289
Other pension costs	<u>98,684</u>	<u>87,772</u>
	<u>1,574,396</u>	<u>1,493,433</u>

The average monthly number of employees during the year was as follows

	31 12 06	31 12 05
Office and management	12	10
Production and sales	<u>68</u>	<u>68</u>
	<u>80</u>	<u>78</u>

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	31 12 06	31 12 05
	£	£
Hire of plant and machinery	7,001	6,965
Depreciation - owned assets	154,346	142,912
Auditors' remuneration	12,243	11,000
Foreign exchange differences	(6,975)	(10,520)
Operating lease rentals - plant and machinery	<u>28,577</u>	<u>26,402</u>

Directors' emoluments	<u>85,440</u>	<u>54,914</u>
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The number of directors to whom retirement benefits were accruing was as follows

Defined benefit schemes	<u>1</u>	<u>1</u>
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WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

5 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 06	31 12 05
	£	£
Bank loan interest	39,162	2,726
Group undertakings interest	2,496	3,000
Preference dividend	<u>5,970</u>	<u>5,970</u>
	<u>47,628</u>	<u>11,696</u>

6 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	31 12 06	31 12 05
	£	£
Current tax		
UK corporation tax	53,977	100,361
Adjustment re previous years	<u>-</u>	<u>(150)</u>
Total current tax	53,977	100,211
Deferred tax	<u>21,912</u>	<u>1,052</u>
Tax on profit on ordinary activities	<u>75,889</u>	<u>101,263</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 06	31 12 05
	£	£
Profit on ordinary activities before tax	<u>229,834</u>	<u>317,915</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	68,950	95,375
Effects of		
Expenses not allowable for tax	3,768	3,185
Depreciation for period in excess of capital allowances	6,308	14,341
Industrial building allowances	(25,049)	(13,290)
Changes in provision not subject to tax	-	750
Adjust re previous years tax charge	<u>-</u>	<u>(150)</u>
Current tax charge	<u>53,977</u>	<u>100,211</u>

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006**

7 DIVIDENDS

	31 12 06 £	31 12 05 £
Ordinary shares of £1 each		
Final	<u>68,250</u>	<u>40,950</u>

8 TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2006	1,620,067	1,149,821	354,680	3,690	3,128,258
Additions	1,053,102	120,267	30,032	-	1,203,401
Disposals	<u>-</u>	<u>(175,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(200,000)</u>
At 31 December 2006	<u>2,673,169</u>	<u>1,095,088</u>	<u>359,712</u>	<u>3,690</u>	<u>4,131,659</u>
DEPRECIATION					
At 1 January 2006	475,205	888,922	215,957	1,442	1,581,526
Charge for year	58,034	64,073	31,677	562	154,346
Eliminated on disposal	<u>-</u>	<u>(175,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>(200,000)</u>
At 31 December 2006	<u>533,239</u>	<u>777,995</u>	<u>222,634</u>	<u>2,004</u>	<u>1,535,872</u>
NET BOOK VALUE					
At 31 December 2006	<u>2,139,930</u>	<u>317,093</u>	<u>137,078</u>	<u>1,686</u>	<u>2,595,787</u>
At 31 December 2005	<u>1,144,862</u>	<u>260,899</u>	<u>138,723</u>	<u>2,248</u>	<u>1,546,732</u>

9 FIXED ASSET INVESTMENTS

) The company owns 30% of the issued share capital of Weleda (Ireland) Limited, a company incorporated in Ireland. The nominal value of shares held is £3,000. The cost of this investment amounting to £3,000 was fully provided against in 1994.

10 STOCKS

	31 12 06 £	31 12 05 £
Raw materials and consumables	185,613	234,623
Work-in-progress	120,430	144,354
Finished goods	<u>501,883</u>	<u>552,952</u>
	<u>807,926</u>	<u>931,929</u>

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006**

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 06	31 12 05
	£	£
Trade debtors	758,415	610,564
Other debtors	500	202
Amounts due from group undertakings	17,302	27,935
Prepayments	<u>68,508</u>	<u>68,231</u>
	<u>844,725</u>	<u>706,932</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 06	31 12 05
	£	£
Bank loans and overdrafts (see note 14)	73,829	198,565
Trade creditors	195,341	164,961
Taxation	3,977	25,361
) Other taxes and social security	142,398	116,841
Proposed dividends	5,970	5,970
Other creditors	21,604	8,686
Amounts due to group undertakings	443,128	476,383
Accrued expenses	<u>142,801</u>	<u>82,949</u>
	<u>1,029,048</u>	<u>1,079,716</u>

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 06	31 12 05
	£	£
Bank loans (see note 14)	1,026,171	-
Other loans (see note 14)	<u>130,000</u>	<u>140,000</u>
	<u>1,156,171</u>	<u>140,000</u>

14 LOANS

An analysis of the maturity of loans is given below

	31 12 06	31 12 05
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	-	198,565
Bank loan	<u>73,829</u>	-
	<u>73,829</u>	<u>198,565</u>
Amounts falling due between one and two years		
Bank loans - 1-2 years	85,706	-
Due to group undertakings	<u>10,000</u>	<u>10,000</u>
	<u>95,706</u>	<u>10,000</u>

WELEDA (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006**

14 LOANS - continued

	31 12 06 £	31 12 05 £
Amounts falling due between two and five years		
Bank loans - 2-5 years	293,120	-
Due to group undertakings	<u>20,000</u>	<u>30,000</u>
	<u>313,120</u>	<u>30,000</u>
 Amounts falling due in more than five years		
Repayable by instalments		
Bank loans more than 5 years	647,345	-
Preference shares	<u>100,000</u>	<u>100,000</u>
	<u>747,345</u>	<u>100,000</u>

The loan from group undertakings is being repaid at £10,000 per annum and carries interest of 5% per annum

Rights of non-equity shares 6% redeemable cumulative preference shares of £1 each

- i) entitle holders, in priority to the ordinary shareholders, to a fixed cumulative preference dividend payable annually in arrears,
- ii) on a return of capital on a winding up, carry the right to repayment of capital in priority to the rights of the ordinary shareholders,
- iii) are redeemable at the company's option at par,
- iv) carry the right to vote at a general meeting of the company only if payment of any dividend on the redeemable cumulative preference shares is more than six months in arrears or if the business of the meeting includes a resolution to vary the rights attaching to the preference shares

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2006

15 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	31 12 06	Other operating leases 31 12 05
	£	£
Expiring		
Within one year	4,631	3,616
Between one and five years	<u>23,156</u>	<u>20,977</u>
	<u>27,787</u>	<u>24,593</u>

16 SECURED DEBTS

The following secured debts are included within creditors

	31 12 06	31 12 05
	£	£
Bank loans and overdrafts	<u>1,100,000</u>	<u>198,565</u>

The bank loans and overdrafts are secured by various legal charges over the freehold land and buildings and a fixed charge over book debts and a floating charge over all other assets

17 PROVISIONS FOR LIABILITIES

	31 12 06	31 12 05
	£	£
Deferred tax		
Accelerated capital allowances	<u>61,239</u>	<u>39,327</u>

	Deferred tax £
Balance at 1 January 2006	39,327
Charged in the year	<u>21,912</u>
Balance at 31 December 2006	<u>61,239</u>

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

18 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	31 12 06 £	31 12 05 £
1,400,000	Ordinary		<u>1,400,000</u>	<u>1,400,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	31 12 06 £	31 12 05 £
1,365,000	Ordinary		<u>1,365,000</u>	<u>1,365,000</u>

19 PENSION COMMITMENTS

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earnings which is the basic salary. The scheme has equal pension rights with respect to members of either sex. The assets of the scheme are held in a separate trustee administered (multi-employer) fund. The assets and liabilities of the fund are not wholly attributable to the company, as the fund includes the pensions of employees of other participating organisations. The employer is unable to identify its share of the underlying assets and liabilities on a consistent basis. The company is exposed to actuarial risks associated with the current and former employees of other entities, and contributions are set at a common level for all participant organisations and thus does not reflect the characteristics of the workforces of the various employers.

The most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 2004 using the projected unit method. The principal assumptions which have the most significant effect on the computation of the pension costs are those related to the rate of return on the investments (assumed to be 5% post retirement and 7.5% pre retirement) and the rates of increase in earnings and pensions (assumed to be 4% and 3% respectively). These assumptions have been derived from the market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was three and a half percentage points per annum in excess of the assumed rate of increase in earnings.

At 31 March 2004 the actuarial value of scheme assets was £8,788,490 compared to actuarial liabilities of £12,591,490. The company's share of the total fund deficit of £3,803,000 has not been recognised in the accounts as the regular pension cost is not significantly different from the contribution rate required to meet the accrued liabilities. Employer contributions made during the year were £93,604 (2005 £84,519). Contributions outstanding at the balance sheet date were £nil (2005 £nil).

As the defined benefit pension scheme is now closed to new employees the company has started a defined contribution pension scheme. Employer contributions made during the year were £5,077 (2005 £3,253) and there were no contributions outstanding at the year end (2005 £nil).

20 CONTINGENT LIABILITIES

The company has indemnified its bankers for the sum of up to £5,500 (2005 - £5,500) in respect of VAT and duty deferment bonds.

21 CAPITAL COMMITMENTS

	31 12 06 £	31 12 05 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>1,207,692</u>

WELEDA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2006

22 TRANSACTIONS WITH DIRECTORS

During the year consultancy fees of £6,181 (2005 £2,615) were paid to I Wiggle, a non-executive director of the company

During the year fees for consultancy work of £nil (2005 £28,934) were paid to BBMC International, a company in which R Ballard, a director of Weleda (UK) Limited has an interest

23 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8 from disclosing transactions with related parties that are part of the Weleda AG group or investees of the group

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 06	31 12 05
	£	£
Profit for the financial year	153,945	216,652
Dividends	(68,250)	(40,950)
Net addition to shareholders' funds	85,695	175,702
Opening shareholders' funds	<u>2,242,498</u>	<u>2,066,796</u>
Closing shareholders' funds	<u>2,328,193</u>	<u>2,242,498</u>

25 ULTIMATE HOLDING COMPANY AND LARGEST AND SMALLEST GROUPS

The ultimate parent undertaking and controlling party is Weleda AG, a company incorporated in Switzerland

The parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member is Weleda AG. Copies of Weleda AG's accounts can be obtained from CH-4144 Arlesheim, Switzerland