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WELEDA (UK) LIMITED

Report and Accounts

31 December 2000



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# Weleda (UK) Limited

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Registered No. 203230

## **DIRECTORS**

P Sirdey (Chairman)  
R Ballard  
R Evans  
D Parker  
I Wiggle  
M Van den Hoogenband

## **SECRETARY**

D Parker

## **AUDITORS**

Ernst & Young  
City Gate West  
Toll House Hill  
Nottingham  
NG1 5FY

## **BANKERS**

HSBC Bank plc  
Bath Street  
Ilkeston  
Nottinghamshire

## **SOLICITORS**

Chambers & Hind  
Bath Street  
Ilkeston  
Nottinghamshire

## **REGISTERED OFFICE**

Heanor Road  
Ilkeston  
Nottinghamshire

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2000.

**RESULTS AND DIVDENDS**

The profit for the year, after taxation amounted to £121,591 (1999 - £130,861). A dividend of £5,685 will be paid on the preference shares. The directors do not recommend a dividend on the ordinary shares. The profit after provision for dividends is £115,906.

**PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company's principal activity during the year continued to be the manufacture and distribution of medicinal products and high quality toiletries based on the principles of anthroposophical medicines.

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and their interests in the share capital of the company were as follows:

	<i>At 31 December</i>	<i>At 1 January</i>	<i>At 31 December</i>	<i>At 1 January</i>
	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>
		<i>Redeemable</i>		<i>Ordinary</i>
		<i>Preference</i>		<i>shares of £1 each</i>
		<i>Shares of £1 each</i>		
D Parker	1,000	500	308	308
R Evans	500	500	-	-
I Wiggle (resigned 28 April 2000)	1,000	500	-	-
R Ballard	2,000	-	-	-
M Van Den Hoogenband	-	-	-	-
P Sirdey (Chairman)	-	-	-	-

**AUDITORS**

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Ernst & Young has stated that, subject to the approval of its partners, it is intending to transfer its business to a limited liability partnership during the year. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board

*R. Ballard*

R Ballard  
Director and Secretary

Date *27th March 2001*

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which 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 those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

**REPORT OF THE AUDITORS**  
**to the shareholders of Weleda (UK) Limited**

We have audited the accounts on pages 5 to 18, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young  
Registered Auditor  
Nottingham

Date 27 April 2001

# Weleda (UK) Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2000

	<i>Notes</i>	<i>2000</i> £	<i>1999</i> £
<b>TURNOVER</b>	2	3,215,452	3,137,299
Cost of sales		(708,295)	(685,028)
		<hr/>	<hr/>
		2,507,157	2,452,271
Administrative expenses		(2,302,013)	(2,223,678)
		<hr/>	<hr/>
<b>OPERATING PROFIT</b>	3	205,144	228,593
Bank interest receivable		2,268	-
Interest payable	6	(34,699)	(27,193)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		172,713	201,400
Tax on profit on ordinary activities	7	(51,122)	(70,539)
		<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		121,591	130,861
Dividends	8	(5,685)	(5,670)
		<hr/>	<hr/>
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	18	115,906	125,191
		<hr/>	<hr/>

### STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of £121,591 in the year ended 31 December 2000 and the profit of £130,861 in the year ended 31 December 1999.

# Weleda (UK) Limited

## BALANCE SHEET

at 31 December 2000

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,452,177	973,319
<b>CURRENT ASSETS</b>			
Stocks	11	578,000	571,102
Debtors	12	645,821	483,485
Cash at bank and in hand	13	84,092	301,157
		1,307,913	1,355,744
<b>CREDITORS: amounts falling due within one year</b>	15	873,658	847,609
<b>NET CURRENT ASSETS</b>		434,255	508,135
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,886,432	1,481,454
<b>CREDITORS: amounts falling due after more than one year</b>			
Loans	16	511,840	400,000
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	27,946	25,964
		1,346,646	1,055,490
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	1,069,750	894,500
Capital redemption reserve	18	5,500	5,500
Profit and loss account	18	271,396	155,490
Shareholders' funds:			
Equity		1,251,896	960,990
Non-equity		94,750	94,500
		1,346,646	1,055,490

*R. Ballard*

Director

Date

*27th Mar 2001*

# Weleda (UK) Limited

## STATEMENT OF CASH FLOWS for the year ended 31 December 2000

	Notes	2000 £	1999 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	3	76,803	378,548
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		(26,389)	(54,058)
Interest received		2,268	-
Preference dividends paid		(5,670)	(4,494)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(29,791)	(58,552)
<b>TAXATION</b>			
UK corporation tax		(58,185)	(34,987)
<b>CAPITAL EXPENDITURE</b>			
Payments to acquire tangible fixed assets		(601,138)	(106,568)
Receipts from sale of tangible fixed assets		262	2,363
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		(600,876)	(104,205)
<b>EQUITY DIVIDENDS PAID</b>		-	-
<b>NET CASH INFLOW BEFORE FINANCING</b>		(612,049)	180,804
<b>FINANCING</b>			
Issue of ordinary share capital	18	175,250	-
Net movement in short term borrowings		84,791	(6,000)
Net movement in long term borrowings		111,840	-
Capital element of finance lease rental payments		-	-
Payments to redeem shares	18	-	(500)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>		371,881	(6,500)
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	13	(240,168)	174,304

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NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

*Accounting standards*

The accounts are prepared in accordance with applicable accounting standards.

*Accounting convention*

The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

*Depreciation*

Depreciation is provided on all tangible fixed assets except freehold land at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset over its expected useful life, as follows:

Freehold land and buildings	-	5% on written down value
Plant and equipment	-	20% on written down value
Motor vehicles	-	25% on written down value
Fixtures and fittings	-	10% on written down value

*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 taxation*

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonable certain.

*Foreign currency translation*

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.

*Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES (continued)

*Pensions*

The company operates a defined benefit pension scheme. The pension cost charged to the profit and loss account is calculated so as to spread the costs of the pension over the employee's working lives with the company.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the manufacture and distribution of medicinal products and high quality toiletries based on the principles of anthroposophical medicines.

An analysis of turnover by geographical market is given below:

	2000 £	1999 £
United Kingdom	2,897,525	2,835,683
Other EU Member States	305,634	279,870
Others	12,293	21,746
	<u>3,215,452</u>	<u>3,137,299</u>

3. OPERATING PROFIT

(a) This is stated after charging/(crediting):

	2000 £	1999 £
Auditors' remuneration - in capacity as auditors	12,000	11,750
Depreciation of owned fixed assets	121,526	96,636
Profit on exchange	(3,791)	(26,523)
Operating lease rentals - plant and machinery	30,484	38,797
	<u>159,219</u>	<u>120,660</u>

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 3. OPERATING PROFIT (continued)

(b) Reconciliation of operating profit to net cash inflow from operating activities:

	2000	1999
	£	£
Operating profit	205,144	228,593
Depreciation of tangible fixed assets	121,526	96,636
Loss on sale of tangible fixed assets	492	-
(Increase)/decrease in stocks	(6,898)	(14,142)
(Increase)/decrease in operating debtors and prepayments	(162,336)	5,279
(Decrease)/increase in operating creditors and accruals	(81,125)	74,560
Exchange loss/(gain) on cash, liquid resources and loans	-	(12,378)
Net cash inflow from operating activities	76,803	378,548

### 4. DIRECTORS' EMOLUMENTS

	2000	1999
	£	£
Emoluments	84,143	112,849
Pension contributions	9,978	8,210
	94,121	121,059

There are two directors in defined benefit pension schemes.

### 5. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	1,012,276	1,010,138
Social security costs	70,573	62,744
Other pension costs	54,798	55,554
	1,137,647	1,128,436

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 5. STAFF COSTS (continued)

Average number of employees during the year was as follows:

	2000 No.	1999 No.
Office and Management	12	18
Production and Sales	63	56
	<u>75</u>	<u>74</u>

### 6. INTEREST PAYABLE

	2000 £	1999 £
Interest payable to group undertakings	20,500	27,171
Other loan interest	14,199	22
	<u>34,699</u>	<u>27,193</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Corporation tax on profit for the year	57,531	65,399
(Over)/underprovided in respect of prior years	(8,391)	3,063
	<u>49,140</u>	<u>68,462</u>
Deferred tax (note 19)	1,982	2,077
	<u>51,122</u>	<u>70,539</u>

### 8. DIVIDENDS

	2000 £	1999 £
On 6% preference shares	5,685	5,670

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Motor Vehicles</i>	<i>Plant &amp; machinery</i>	<i>Fixtures and fittings</i>	<i>Assets under the course of construction</i>	<i>Total</i>
	£	£	£	£	£	£
Cost or valuation:						
At 1 January 2000	794,502	9,108	1,044,294	233,976	33,878	2,115,758
Additions	550,691	-	38,859	11,588	-	601,138
Disposals	(779)	-	-	-	-	(779)
Transfer between Categories	33,878	-	-	-	(33,878)	-
At 31 December 2000	1,378,292	9,108	1,083,153	245,564	-	2,716,117
Depreciation:						
At 1 January 2000	157,818	3,359	842,950	138,312	-	1,142,439
Disposals	(25)	-	-	-	-	(25)
Provided during the year	60,920	1,446	48,041	11,119	-	121,526
At 31 December 2000	218,713	4,805	890,991	149,431	-	1,263,940
Net book value:						
At 31 December 2000	1,159,579	4,303	192,162	96,133	-	1,452,177
At 1 January 2000	636,684	5,749	201,344	95,664	33,878	973,319

The historical cost of freehold land and buildings is as follows:

	£
At 1 January 2000	1,008,507
Additions	550,691
Transfers between categories	(754)
At 31 December 2000	1,558,444
Cumulative depreciation based on cost:	
At 1 January 2000	223,491
At 31 December 2000	296,679

The freehold land and buildings were valued at their open market value for existing use on 18 May 1994.

NOTES TO THE ACCOUNTS

10. 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.

11. STOCKS

	2000 £	1999 £
Raw materials and consumables	156,337	152,910
Work in progress	140,666	128,863
Finished goods and goods for resale	280,997	289,329
	<u>578,000</u>	<u>571,102</u>

12. DEBTORS

	2000 £	1999 £
Trade debtors	557,032	434,925
Amounts due from group undertakings	7,919	1,164
Prepayments and accrued income	80,870	47,396
	<u>645,821</u>	<u>483,485</u>

13. ANALYSIS OF NET DEBT

	Opening £	Cash flow £	Closing £
Cash	301,157	(217,065)	84,092
Bank overdraft	-	(23,103)	(23,103)
Long term loans	(400,000)	(111,840)	(511,840)
Short term loans	(143,419)	(84,791)	(228,210)
Total	<u>(242,262)</u>	<u>(436,799)</u>	<u>(679,061)</u>

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 14. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£
Decrease in cash in the period	(240,168)
Cash inflow from increase in debt and lease financing	(196,631)
Change in net debt arising from cash flows	(436,799)
Movement in net debt in the period	(436,799)
Net debt at 1 January 2000	(242,262)
Net debt at 31 December 2000	(679,061)

### 15. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Amounts due to group undertakings	472,548	447,502
Trade creditors	118,036	164,449
Corporation tax payable	36,081	45,125
Other taxes and social security costs	101,660	77,418
Other creditors	4,938	12,709
Accruals	43,397	94,736
Loan from Camphill Social Fund	18,210	-
Preference dividend payable	5,685	5,670
Bank overdraft	23,103	-
Bank loan	50,000	-
	873,658	847,609

The bank overdraft facility is secured by a fixed charge over the book debts and a floating charge over all other assets of the company.

There is a legal mortgage over freehold property known as land lying to the west of Hassock Lane North, Shipley.

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 16. LOANS

	2000	1999
	£	£
Wholly repayable within five years:		
Intercompany loans	350,000	483,419
Camphill Social Fund	90,050	-
Not wholly repayable within five years:		
Intercompany sterling loan at 5% per annum payable in annual instalments of £10,000 commencing December 1996	50,000	60,000
Bank loan at LIBOR plus 1.25% payable in monthly instalments with last repayment 31 December 2005	250,000	-
	<u>740,050</u>	<u>543,419</u>
	2000	1999
	£	£
Amounts repayable by instalments:		
Within 5 years	690,050	483,419
After 5 years	50,000	60,000
	<u>740,050</u>	<u>543,419</u>
Included in creditors: amounts falling due within one year	(228,210)	(143,419)
	<u>511,840</u>	<u>400,000</u>

The bank loan is secured by a fixed charge over the freehold premises at Heanor Road, Ilkeston.

### 17. SHARE CAPITAL

	2000	Authorised 1999
	£	£
Ordinary shares of £1 each	1,400,000	1,400,000
6% redeemable cumulative preference shares of £1 each	100,000	100,000
	<u>1,500,000</u>	<u>1,500,000</u>

# Weleda (UK) Limited

## NOTES TO THE ACCOUNTS

### 17. SHARE CAPITAL (continued)

	<i>Allotted, called up and fully paid</i>	
	2000	1999
	£	£
Ordinary shares of £1 each	975,000	800,000
6% redeemable cumulative preference shares of £1 each	94,750	94,500
	<u>1,069,750</u>	<u>894,500</u>

During the year, 175,000 ordinary shares of £1 each, with an aggregate nominal value of £175,000, were issued fully paid for cash of £175,000. These shares were issued to fund the building of a new warehouse.

During the year, 250 6% redeemable cumulative preference shares of £1 each, with an aggregate nominal value of £250, were issued fully paid for £250.

#### *Rights of non-equity shares*

6% redeemable cumulative preference shares of £1 each

- entitle holders, in priority to the ordinary shareholders, to a fixed cumulative preference dividend payable annually in arrears;
- 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;
- are redeemable at the company's option at par;
- 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.

### 18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£
At 31 December 1998	895,000	5,000	30,799	930,799
Profit for the year	-	-	130,861	130,861
Redemption of share capital	(500)	500	(500)	(500)
Preference dividend	-	-	(5,670)	(5,670)
At 31 December 1999	894,500	5,500	155,490	1,055,490
New shares issues	175,250	-	-	175,250
Profit for the year	-	-	121,591	121,591
Preference dividend	-	-	(5,685)	(5,685)
At 31 December 2000	<u>1,069,750</u>	<u>5,500</u>	<u>271,396</u>	<u>1,346,646</u>

## NOTES TO THE ACCOUNTS

**19. DEFERRED TAXATION**

Deferred taxation is fully provided in the accounts:

	2000	Provided 1999
	£	£
Capital allowances in advance of depreciation	36,784	36,453
Other timing differences	(8,838)	(10,489)
	<u>27,946</u>	<u>25,964</u>

**20. PENSION COMMITMENTS**

The company participates in a funded defined benefit pension scheme, providing benefits based on final pensionable earnings which are salaries, overtime and bonuses. 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 most recent formal actuarial valuation was undertaken by an independent professionally qualified actuary as at 31 March 1998 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 and the rates of increase in earnings and pensions. These assumptions have been derived from market yields applying at the valuation date. In particular, the investment return used relating to pre-retirement liabilities was two and a quarter percentage points per annum in excess of the assumed rate of increase in earnings.

At 31 March 1998 the market value of the assets was £6,081,408. The actuarial value of scheme assets was £4,518,000 compared to actuarial liabilities of £4,506,000. The company's share of the total fund surplus of £12,000 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 £58,945 (1999: £55,554).

**21. OTHER FINANCIAL COMMITMENTS**

At 31 December 1999 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as set out below:

	2000	1999
	£	£
Operating leases which expire:		
within one year	3,430	3,791
within two to five years	23,994	14,533
	<u>27,424</u>	<u>18,324</u>

At 31 December 2000 the company had contracted capital commitments of £Nil (1999 – £28,000) which are not accrued in these accounts.

**22. CONTINGENT LIABILITY**

The company has indemnified its bankers for the sum of up to £9,050 in respect of VAT and duty deferment bonds.

**23. RELATED PARTY TRANSACTIONS**

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. ULTIMATE HOLDING COMPANY AND LARGEST AND SMALLEST GROUPS**

The ultimate parent undertaking 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.