

Weleda (U.K.) Limited
Financial Statements
31 December 2017

HAINES WATTS

Chartered accountant & statutory auditor
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP



Weleda (U.K.) Limited

Financial Statements

Year ended 31 December 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Independent auditor's report to the members	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12

Weleda (U.K.) Limited

Officers and Professional Advisers

The board of directors	A O Sommer P Braendle
Registered office	Heanor Road Ilkeston Derbyshire DE7 8DR
Auditor	Haines Watts Chartered accountant & statutory auditor 10 Stadium Business Court Millennium Way Pride Park Derby DE24 8HP
Bankers	HSBC Bank plc 63 Bath Street Ilkeston Derbyshire DE7 8DD
Solicitors	Horton & Moss 4-5 East Street Ilkeston Derbyshire DE7 5JB

Weleda (U.K.) Limited

Strategic Report

Year ended 31 December 2017

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

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 complexity 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 anthroposophical and homeopathic medicines, and natural organic beauty products. After having tackled several issues in 2016 on management structure, market strategy and IT implementations that had a one-off effect in that year, 2017 was a year of sales growth. The growth once more came through the natural beauty products (+9.7%), via web retailers together with a further growth in the network of Weleda advisors. Although pharmaceutical sales were in decline (-15.6%), this is wholly explained by the loss of the licence to sell a particular product, and excluding that the business is now showing underlying growth (+2.8%). Margins were again affected by the falling strength of the pound coming from uncertainty surrounding Brexit, with the result that the sterling price of products and ingredients sourced from Europe increased. Overheads continue to be controlled.

Key performance indicators

The key financial performance indicators of turnover, gross margin and return on capital employed are shown below:

	2017	2016
Turnover £	7,575,716	7,282,223
Gross profit %	54	56
Net profit/(loss) before tax %	(6)	(7)
ROCE % *	15	20

*Operating profit/(loss) as percentage of share capital and share premium

Sales have increased by 4.0% compared to a CAGR over the past 4 years of 6.6%

Principal risks and uncertainties

The principal risk affecting the company continues to be its exposure to economic conditions and uncertainties which affect the industry in which it operates. The anthroposophical sector of the business has declined as fewer doctors enter the market, however this is offset by increases in mass channel sales to major supermarkets and web retailers, and the growth of the advisor network who bring new customers to the brand.

The company's liquidity risk is mitigated by loan facilities at preferential rates from the Group company.

Weleda (U.K.) Limited

Strategic Report *(continued)*

Year ended 31 December 2017

Research and development activities

A claim for R&D relief, under the RDEC regime, for spend in 2015 and 2016 was provided for in the 2016 accounts and payment received during 2017. The R&D relates to expenditure on IT projects, production initiatives, new product development and biodynamics trials.

This report was approved by the board of directors on April 11 2018 and signed on behalf of the board by:



A O Sommer
Director

Registered office:
Heanor Road
Ilkeston
Derbyshire
DE7 8DR

Weleda (U.K.) Limited

Directors' Report

Year ended 31 December 2017

The directors present their report and the financial statements of the company for the year ended 31 December 2017.

Directors

The directors who served the company during the year were as follows:

A O Sommer
P Braendle

Dividends

No dividends will be distributed for the year ended 31 December 2017.

Events after the end of the reporting period

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

Disclosure of information in the strategic report

The matters required to be disclosed under SI (2008) 410 Sch 7 are contained within the Strategic Report as is applicable in accordance with s414C(11) of the Companies Act 2006.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 (U.K.) Limited

Directors' Report *(continued)*

Year ended 31 December 2017

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Haines Watts was appointed auditor during the period. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Haines Watts will therefore continue in office.

This report was approved by the board of directors on April 11 2018 and signed on behalf of the board by:



A O Sommer
Director

Registered office:
Heanor Road
Ilkeston
Derbyshire
DE7 8DR

Weleda (U.K.) Limited

Independent Auditor's Report to the Members of Weleda (U.K.) Limited

Year ended 31 December 2017

We have audited the financial statements of Weleda (U.K.) Limited for the year ended 31 December 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 auditor

As explained more fully in the directors' responsibilities statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

Weleda (U.K.) Limited

Independent Auditor's Report to the Members of Weleda (U.K.) Limited *(continued)*

Year ended 31 December 2017

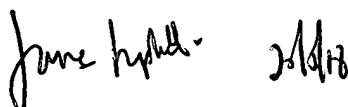
Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



James Liptrott (Senior Statutory Auditor)

For and on behalf of
Haines Watts
Chartered accountant & statutory auditor
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP

Weleda (U.K.) Limited**Statement of Comprehensive Income****Year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	4	7,575,716	7,282,223
Cost of sales		(3,508,603)	(3,181,938)
Gross profit		<u>4,067,113</u>	<u>4,100,285</u>
Administrative expenses		(4,394,237)	(4,526,579)
Other operating income		11,906	4,751
Operating loss	5	<u>(315,218)</u>	<u>(421,543)</u>
Interest payable and similar expenses	9	(157,368)	(116,815)
Loss before taxation		<u>(472,586)</u>	<u>(538,358)</u>
Tax on loss	10	(15,618)	144,485
Loss for the financial year		<u>(488,204)</u>	<u>(393,873)</u>
Remeasurement of the net defined benefit plan		763,000	(467,000)
Reserve transfer - unwinding of present value of intercompany loan		69,031	—
Other comprehensive income for the year		<u>832,031</u>	<u>(467,000)</u>
Total comprehensive income for the year		<u>343,827</u>	<u>(860,873)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.

Weleda (U.K.) Limited
Statement of Financial Position
31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	1,929,606	1,972,030
Current assets			
Stocks	12	1,482,250	1,631,173
Debtors	13	1,618,638	1,699,841
Cash at bank and in hand		714,214	733,777
		<u>3,815,102</u>	<u>4,064,791</u>
Creditors: amounts falling due within one year	14	(2,180,257)	(3,529,730)
Net current assets		<u>1,634,845</u>	<u>535,061</u>
Total assets less current liabilities		<u>3,564,451</u>	<u>2,507,091</u>
Creditors: amounts falling due after more than one year	15	(1,689,524)	(247,187)
Provisions	16	—	(12,150)
Net assets excluding defined benefit pension plan liability		<u>1,874,927</u>	<u>2,247,754</u>
Defined benefit pension plan liability	18	(5,597,000)	(6,172,000)
Defined benefit pension plan asset	18	<u>3,728,000</u>	<u>3,429,000</u>
Net assets/(liabilities) including defined benefit pension plan liability		<u>5,927</u>	<u>(495,246)</u>
Capital and reserves			
Called up share capital	21	1,395,000	1,395,000
Share premium account	22	720,000	720,000
Capital contribution reserve	22	157,346	—
Profit and loss account	22	(2,266,419)	(2,610,246)
Members funds/(deficit)		<u>5,927</u>	<u>(495,246)</u>

These financial statements were approved by the board of directors and authorised for issue on ~~April 11, 2018~~ and are signed on behalf of the board by:



A O Sommer
Director

Company registration number: 00203230

The notes on pages 12 to 24 form part of these financial statements.

Weleda (U.K.) Limited
Statement of Changes in Equity
Year ended 31 December 2017

	Called up share capital £	Share premium account £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 January 2016	1,395,000	720,000	–	(1,749,373)	365,627
Loss for the year				(393,873)	(393,873)
Other comprehensive income for the year 20	–	–	–	(467,000)	(467,000)
Total comprehensive income for the year	–	–	–	(860,873)	(860,873)
At 31 December 2016 (as previously reported)	1,395,000	720,000	–	(2,610,246)	(495,246)
Present value adjustment to intercompany loans	–	–	157,346	–	157,346
At 31 December 2016 (restated)	<u>1,395,000</u>	<u>720,000</u>	<u>157,346</u>	<u>(2,610,246)</u>	<u>(337,900)</u>
Loss for the year				(488,204)	(488,204)
Other comprehensive income for the year 20	–	–	–	832,031	832,031
Total comprehensive income for the year	–	–	–	343,827	343,827
At 31 December 2017	<u>1,395,000</u>	<u>720,000</u>	<u>157,346</u>	<u>(2,266,419)</u>	<u>5,927</u>

The notes on pages 12 to 24 form part of these financial statements.

Weleda (U.K.) Limited

Statement of Cash Flows

Year ended 31 December 2017

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	(488,204)	(393,873)
<i>Adjustments for:</i>		
Depreciation of tangible assets	169,725	157,008
Impairment of tangible assets	–	188,444
Interest payable and similar expenses	157,368	116,815
Loss on disposal of tangible assets	285	–
Defined benefit pension costs less employer contributions	(180,000)	(78,000)
Tax on loss	15,618	(144,485)
Accrued expenses/(income)	325,212	(31,422)
<i>Changes in:</i>		
Stocks	148,923	(240,998)
Trade and other debtors	81,203	(64,567)
Trade and other creditors	35,588	687,188
Cash generated from operations	265,718	196,110
Interest paid	(19,337)	(31,815)
Tax paid	(27,768)	–
Net cash from operating activities	<u>218,613</u>	<u>164,295</u>
Cash flows from investing activities		
Purchase of tangible assets	(127,998)	(156,852)
Proceeds from sale of tangible assets	412	–
Net cash used in investing activities	<u>(127,586)</u>	<u>(156,852)</u>
Cash flows from financing activities		
Proceeds from borrowings	(134,233)	–
Repayments of borrowings	–	(141,657)
Proceeds from loans from group undertakings	23,643	385,360
Net cash (used in)/from financing activities	<u>(110,590)</u>	<u>243,703</u>
Net (decrease)/increase in cash and cash equivalents	<u>(19,563)</u>	<u>251,146</u>
Cash and cash equivalents at beginning of year	<u>733,777</u>	<u>482,631</u>
Cash and cash equivalents at end of year	<u>714,214</u>	<u>733,777</u>

The notes on pages 12 to 24 form part of these financial statements.

Weleda (U.K.) Limited

Notes to the Financial Statements

Year ended 31 December 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Heanor Road, Ilkeston, DE7 8DR, Derbyshire.

2. Statement of compliance

Weleda (U.K.) Limited, is a limited company incorporated in England. The registered office is Weleda, Heanor Road, Ilkeston, Derbyshire, DE7 8DR.

The financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The accounting policies below have been consistently applied to all years presented unless otherwise stated.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

These accounts are prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The company's ability to meet future working capital requirement and therefore continue as a going concern is dependant upon the continued support of its parent. The directors have been given a letter of continued support Weleda A.G. confirming their intentions for a period not less than 12 months from the approval of these accounts.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligations in the statement of financial position. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit pension scheme.

The company holds promotional stock items to be distributed for free of charge after the year-end. Management have considered the future economic benefits of these items through review of historic distributions of free stock.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Turnover *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Tangible assets *(continued)*

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

The company capitalises website development costs as a tangible asset, no depreciation is incurred on such costs until the website becomes live.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	10 - 50 years straight line
Plant and machinery	-	4 - 10 years straight line
Fixtures and fittings	-	3 - 5 years straight line
Motor vehicles	-	2 - 3 years straight line
Computer Equipment	-	3 - 5 years straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell, after making due allowances for obsolete and slow moving items. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finished goods includes sample stock which is held for distribution and will be provided as promotional material for free of charge after the year-end. Stock held for distribution is measured at the lower of cost adjusted for any loss of service potential and replacement cost. On distribution of such stock the value of stock is recognised as a marketing cost within administration expenses.

Cost is determined on a first-in, first-out (FIFO) basis.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

3. Accounting policies *(continued)*

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at their transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Defined benefit plans

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Sale of goods	<u>7,575,716</u>	<u>7,282,223</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the company. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2017 £	2016 £
United Kingdom	7,289,941	6,606,863
Rest of EU	223,842	470,874
Rest of World	61,933	204,486
	<u>7,575,716</u>	<u>7,282,223</u>

5. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	169,725	157,008
Impairment of tangible assets recognised in:		
Administrative expenses	—	188,444
Loss on disposal of tangible assets	285	—
Cost of stocks recognised as an expense	2,264,086	2,033,048
Impairment of trade debtors	(6,191)	(2,185)
Foreign exchange differences	129,189	276,864
Hire of plant and machinery	6,673	12,651
Operating lease rentals	18,813	20,681
Impairment of stock included in cost of sales	79,326	121,901
Stock recognised as a marketing expense	168,318	93,066

6. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>16,500</u>	<u>16,150</u>

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2017 No.	2016 No.
Production and sales	62	65
Office and management	15	13
	<u>77</u>	<u>78</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	1,678,000	1,630,738
Social security costs	155,626	140,108
Other pension costs	629,157	266,061
	<u>2,462,783</u>	<u>2,036,907</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

8. Exceptional items

	2017 £	2016 £
Exceptional item	—	155,240

During 2016 the company was subject to external criminal activity resulting in a loss of £155,240.

9. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	13,837	25,461
Dividends paid on shares classed as debt	5,500	6,000
Net finance costs in respect of defined benefit pension plans	69,000	85,000
Unwinding of discount on provisions	69,031	—
Other interest payable and similar charges	—	354
	<u>157,368</u>	<u>116,815</u>

10. Tax on loss

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax income	—	(78,947)
Adjustments in respect of prior periods	27,768	—
Total current tax	<u>27,768</u>	<u>(78,947)</u>
Deferred tax:		
Origination and reversal of timing differences	(12,150)	(65,538)
Tax on loss	<u>15,618</u>	<u>(144,485)</u>

Reconciliation of tax expense/(income)

The tax assessed on the loss on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
Loss on ordinary activities before taxation	(472,586)	(538,358)
Loss on ordinary activities by rate of tax	(89,791)	(107,672)
Effect of expenses not deductible for tax purposes	77,444	4,647
Effect of capital allowances and depreciation	5,016	33,176
Unused tax losses	7,331	41,172
Movement in provisions	(12,150)	(65,538)
Research and development tax credit	—	(50,270)
Over/(under) provision in previous years	27,768	—
Tax on loss	<u>15,618</u>	<u>(144,485)</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

11. Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 1 Jan 2017	3,071,636	662,861	380,288	17,825	704,719	4,837,329
Additions	3,925	13,126	5,289	12,555	93,103	127,998
Impairment	–	(14,103)	–	–	–	(14,103)
At 31 Dec 2017	3,075,561	661,884	385,577	30,380	797,822	4,951,224
Depreciation						
At 1 Jan 2017	1,504,233	548,792	313,350	6,683	492,241	2,865,299
Charge for the year	55,782	16,208	9,314	11,324	77,097	169,725
Disposals	–	(9,906)	–	(3,500)	–	(13,406)
At 31 Dec 2017	1,560,015	555,094	322,664	14,507	569,338	3,021,618
Carrying amount						
At 31 Dec 2017	1,515,546	106,790	62,913	15,873	228,484	1,929,606
At 31 Dec 2016	1,567,403	114,069	66,938	11,142	212,478	1,972,030

12. Stocks

	2017 £	2016 £
Raw materials and consumables	358,750	428,975
Work in progress	10,460	23,225
Finished goods and goods for resale	1,113,040	1,178,973
	1,482,250	1,631,173

Stocks are stated after provisions for impairment of £21,023 (2016: £33,014).

There is no material difference between the book value of stock and their replacement cost.

Finished goods includes £126,050 (2016: £95,000) of marketing stock that will be distributed free of charge after the year-end.

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

13. Debtors

	2017 £	2016 £
Trade debtors	1,302,347	1,424,859
Amounts owed by group undertakings	57,616	37,229
Prepayments and accrued income	223,091	158,531
Corporation tax repayable	—	78,947
Other debtors	35,584	275
	<u>1,618,638</u>	<u>1,699,841</u>

14. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	—	144,392
Trade creditors	198,824	210,282
Amounts owed to group undertakings	890,086	2,455,967
Accruals and deferred income	600,521	275,309
Social security and other taxes	351,856	303,413
Other creditors	138,970	140,367
	<u>2,180,257</u>	<u>3,529,730</u>

15. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	—	147,187
Amounts owed to group undertakings	1,589,524	—
Shares classed as financial liabilities	100,000	100,000
	<u>1,689,524</u>	<u>247,187</u>

Included within creditors: amounts falling due between one and two years is an amount of £nil (2016: £147,187) in respect of bank loans, repayable by instalment.

Included within creditors: amounts falling due after more than five years is an amount of £100,000 (2016: £100,000) in respect of preference shares repayable otherwise than by instalments.

Cash at bank and Amounts owed to group undertakings have been reclassified to account for a £300,000 loan held in escrow. In 2016 the amount reported in Amounts owed to group undertakings was shown net of the £300,000 held in escrow.

16. Provisions

	Deferred tax (note 17) £
At 1 January 2017	12,150
Additions	(12,150)
At 31 December 2017	<u>—</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Included in provisions (note 16)	—	12,150

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017	2016
	£	£
Accelerated capital allowances	62,010	57,214
Unused tax losses	(73,532)	(41,172)
Other timing differences	11,522	(3,892)
	—	12,150

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £524,570 (2016: £67,270).

Defined benefit plans

The Company is a Participating Employer in the Mercury Provident Pension Scheme, a UK registered trust based multi-employer pension scheme that provides defined benefits. From 29 December 2017, the assets and liabilities relating to the Company are being formally segregated under the Scheme. Pension benefits are linked to the members' final pensionable salaries and service at retirement (or date of leaving if earlier). The trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules which sets out their powers. The trustees of the Scheme is required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme members:

Deferred members - former members who have left pensionable service with defined benefits

Pensioner members - in receipt of pension

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the scheme was performed by the Scheme Actuary for the Trustee as at 31 March 2016. The valuation revealed a funding shortfall of approximately £20 million on the assumptions made. The Participating Employers agreed to pay annual contributions totalling £960,000 (£80,000 per month) to the Scheme increasing annually by 5% on each 1 January (with the first increase being 1 January 2018) towards eliminating the shortfall by 31 July 2035. The Company's share of the total contributions of £1,008,000 payable by the Participating Employers to the Scheme over the year beginning 1 January 2018, is £228,817 (£19,068 per month). Under the existing provisions, the Company therefore expects to pay shortfall contributions of £228,817 to the Scheme during the accounting year beginning 1 January 2018. However, the Company's contribution requirement is due to be reassessed following the formal segregation of the scheme.

In accordance with the segregation agreement, the Company's share of orphan liabilities has been calculated at £450,025 as is included within accruals. This liability is in addition to the net pension deficit of £1,869,000 shown below.

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

18. Employee benefits *(continued)*

The amounts recognised in the statement of financial position are as follows:

	2017 £	2016 £
Defined benefit pension plan asset	3,728,000	3,429,000
Defined benefit pension plan liability	(5,597,000)	(6,172,000)
Net defined benefit liability	<u>(1,869,000)</u>	<u>(2,743,000)</u>

The statement of financial position net defined benefit liability is determined as follows:

	2017 £	2016 £
Present value of defined benefit obligations	(5,597,000)	(6,172,000)
Fair value of plan assets	3,728,000	3,429,000
	<u>(1,869,000)</u>	<u>(2,743,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2017 £
At 1 January 2017	6,172,000
Interest expense	158,000
Benefits paid	(164,000)
Remeasurements:	
Actuarial gains and losses	(569,000)
At 31 December 2017	<u>5,597,000</u>

Changes in the fair value of plan assets are as follows:

	2017 £
At 1 January 2017	3,429,000
Interest income	89,000
Benefits paid	(164,000)
Contributions by employer	218,000
Administrative expenses	(38,000)
Remeasurements:	
Return on plan assets, excluding amount included in interest income	194,000
At 31 December 2017	<u>3,728,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2017 £	2016 £
Recognised in profit or loss:		
Net interest expense	69,000	85,000
Administrative expenses	38,000	116,000
	<u>107,000</u>	<u>201,000</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Actuarial gains and losses	569,000	(1,114,000)
Return on plan assets, excluding amounts included in net interest	194,000	647,000
	<u>763,000</u>	<u>(467,000)</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

18. Employee benefits *(continued)*

The return on plan assets are as follows:

	2017 £	2016 £
Return on assets of benefit plan	<u>283,000</u>	<u>750,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2017 %	2016 %
Discount rate	2.40	2.60
Mortality rates:		
Current pensioners at 65 - male	22.10	22.20
Current pensioners at 65 - female	23.90	24.20
Future pensioners at 65 - male	23.50	23.90
Future pensioners at 65 - female	25.40	26.10
Rate of increase of pensions in payment - pensions accrued between 6 April 1997 to 5 April 2005	2.10	2.10
Rate of increase of pensions in payment - pensions accrued after 5 April 2005	1.90	1.90
Rate of increase of pensions in payment - pensions accrued post 88 GMP's	2.00	2.00
Rate of increase of pensions in deferment	<u>2.20</u>	<u>2.20</u>

19. Financial instruments

Note 3 to these financial statements details the accounting policy for financial instruments.

The company has the following financial instruments measured at amortised cost:

	2017 £	2016 £
Financial assets that are debt instruments		
Trade debtors	1,302,347	1,424,859
Other debtors	35,584	275
Amounts owed by group undertakings	57,616	37,229
Financial liabilities		
Bank loans and overdrafts	—	144,392
Trade creditors	—	210,282
Amounts owed to group undertakings	890,086	2,155,967
Other creditors	739,491	415,676
Preference shares	100,000	100,000

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the income statement is £nil (2016: £nil) and £13,837 (2016: £25,461).

The company has the following financial instruments measured at fair value (being discounted present value):

	2017 £	2016 £
Financial liabilities measured at fair value		
Amounts owed to group undertakings	<u>1,589,524</u>	<u>-</u>
	<u>4,714,648</u>	<u>-</u>

Weleda (U.K.) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2017

20. Analysis of other comprehensive income

	Profit and loss account £
Year ended 31 December 2017	
Remeasurement of the net defined benefit plan	763,000
Reserve transfer - unwinding of present value of intercompany loan	69,031
	<u>832,031</u>
Year ended 31 December 2016	
Remeasurement of the net defined benefit plan	<u>(467,000)</u>

21. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Amounts presented in equity:				
Ordinary shares of £1 each	<u>1,395,000</u>	<u>1,395,000</u>	<u>1,395,000</u>	<u>1,395,000</u>
Amounts presented in liabilities:				
Preference shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

Included in equity is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Included in creditors falling due after more than five years are 100,000 (2016: 100,000) allotted, issued and fully paid 6% redeemable cumulative £1 preference shares.

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

- i) entitle title 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 of 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.

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Capital contribution reserve - In accordance with FRS102 if a financial instrument constitutes a finance transaction it is measured at present value. This reserve represents the deemed capital contribution resulting from the intercompany loans discounted to present value.

Weleda (U.K.) Limited

Notes to the Detailed Income Statement

Year ended 31 December 2017

	2017 £	2016 £
23. Operating leases		
The total future minimum lease payments under non-cancellable operating leases are as follows:		
	2017 £	2016 £
Not later than 1 year	3,426	20,681
Later than 1 year and not later than 5 years	8,942	57,723
	<u>12,368</u>	<u>78,404</u>

24. Related party transactions

During the year, the company purchased goods and services to the value of £2,082,742 (2016: £2,077,440) from fellow group companies. The company also sold and services to the value of £194,944 (2016: £155,471) to fellow group companies.

Management fees of £277,041 (2016: £208,505) were paid to a fellow group company during the year.

	2017 £	2016 £
Amounts due to fellow group companies at the year end	4,736,956	2,155,967
Amounts due from fellow group companies at the year end	57,616	37,229

The amounts outstanding at the year end are unsecured and repayable on demand.

Key management personnel compensation in the year totalled £169,167 (2016: £178,863).

25. Controlling party

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.