

**Registered number: 02793629**

**NATURES AID LTD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**



**NATURES AID LTD**  
**COMPANY INFORMATION**

<b>DIRECTORS</b>	E Blythe A Brierley	(appointed 4 September 2018) (appointed 31 December 2018)
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<b>COMPANY SECRETARY</b>	E Blythe	(appointed 6 April 2018)
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<b>REGISTERED NUMBER</b>	02793629
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<b>REGISTERED OFFICE</b>	c/o Thornton & Ross Limited Manchester Road Linthwaite Huddersfield West Yorkshire HD7 5QH
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<b>INDEPENDENT AUDITORS</b>	PricewaterhouseCoopers LLP Central Square 29 Wellington St Leeds LS1 4DL
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**NATURES AID LTD**  
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**NATURES AID LTD**  
**STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their Strategic Report for the year ended 31 December 2018.

**BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The profit for the financial year after taxation amounted to £2,359,875 (2017: £2,037,670).

Sales increased during 2018 due to strong online and international sales growth, particularly in Asia and the Middle East markets. There was a further decline in the independent health shop market, reflecting wider switches by consumers to online shopping and moves to larger retailers. Measures were taken to ameliorate this decline by focusing on those sectors showing strong growth. The company was able to improve margins despite exchange rate fluctuations which continue to put pressure on the cost of certain items bought in from overseas suppliers, due to efficiency gains from the increased sales spreading production costs across a greater sales volume. The continued growth of the international sales and therefore the proportion of the business that it currently represents also helped to lessen the impact of the weaker pound.

The business invested in new production and packing equipment and has plans to invest further in this area to handle the planned increase in volumes sold to international markets over the next few years. The business will continue to focus on producing high quality products that meet consumer needs and tastes and on developing new products quickly as consumer tastes change.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The Company's key financial and other performance indicators during the year were as follows:

	2018	2017
	£	£
Sales	12,415,687	9,398,793
Gross profit	6,163,781	5,332,695
Profit for the financial year after taxation	2,359,875	2,037,670

The increase in Turnover reflects an increasing awareness of the Company's products and the growing trend for healthy living and supplementing our diets with vitamins and minerals to promote well-being, both in the U.K. and overseas as illustrated by the strong international sales seen during 2018. We expect a positive continuation of this trend for the Company's financial key performance indicators due to the continuing need for the Company's products as a result of lifestyle changes in the U.K. and around the World.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The Company's operations expose it to a variety of financial risks that include the effect of changes in market prices particularly in relation to the uncertainty surrounding the Brexit situation, credit risk and liquidity risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Given the size of the Company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board of Directors are implemented by the Company's finance department.

This report was approved by the board on 30 September 2019 and signed on its behalf.

  
**E Blythe**  
Director

**NATURES AID LTD**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

The Directors present their report, together with the audited Financial Statements and independent auditors' report, for the year ended 31 December 2018. Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes: Review of the Business, Future Developments and Principal Risks and Uncertainties.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company continued to be the manufacture and distribution of our own brand of VMS (Vitamins, Minerals and Supplements) and herbal medicines and their supply to independent retailers, wholesalers and distributors in the UK and to export markets. The Company also supplies a small number of customers with bulk or private label products.

**DIVIDENDS**

No interim dividends were paid during the year (31 December 2017 - £Nil). The Directors do not recommend the payment of a final dividend.

**DIRECTORS**

The Directors who served during the year and up to the date of signing the financial statements were:

B Draude	(resigned 31 August 2018)
D George	(resigned 31 December 2018)
E Blythe	(appointed 4 September 2018)
A Brierley	(appointed 31 December 2018)

**RESEARCH AND DEVELOPMENT**

The Company continues to invest in product development in the UK. During the year, the Company spent £10,607 (2017 - £10,354), which was ineligible for capitalisation.

**POST BALANCE SHEET EVENTS**

See note 25 for significant events affecting the Company since the year end.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**NATURES AID LTD**  
**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)**

**INDEPENDENT AUDITORS**

All subsidiary undertakings (including Natures Aid Ltd) are bound by the Supervisory Board of STADA Arzneimittel AG decision to appoint PwC as Group auditors and requested to appoint PwC as statutory auditors for 2019.

This report was approved by the board on 30 September 2019 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'E Blythe', written in a cursive style.

**E Blythe**  
Director

## **NATURES AID LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

#### **Directors' confirmations**

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

## **NATURES AID LTD**

### **Independent auditors' report to the members of Natures Aid Ltd**

#### **Report on the audit of the financial statements**

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##### **Opinion**

In our opinion, Natures Aid Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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##### **Conclusions relating to going concern**

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



## NATURES AID LTD

### Independent auditors' report to the members of Natures Aid Ltd (continued)

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

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#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andy Ward (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

30 September 2019

**NATURES AID LTD**

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018**

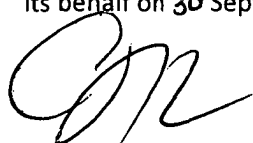
	<b>Note</b>	<b>2018 £</b>	<b>2017 £</b>
Revenue	3	12,415,687	9,398,793
Cost of sales		(6,251,906)	(4,066,098)
<b>Gross profit</b>		<b>6,163,781</b>	<b>5,332,695</b>
Administrative expenses		(3,242,947)	(2,818,807)
<b>Operating profit</b>	4	<b>2,920,834</b>	<b>2,513,888</b>
Finance income	8	4,683	12,933
Finance costs	9	-	(1,582)
<b>Profit before income tax</b>		<b>2,925,517</b>	<b>2,525,239</b>
Income tax expense	10	(565,642)	(487,569)
<b>Profit for the financial year</b>		<b>2,359,875</b>	<b>2,037,670</b>
<b>Total comprehensive income for the year</b>		<b>2,359,875</b>	<b>2,037,670</b>

The notes on pages 11 to 25 form part of these Financial Statements.

**NATURES AID LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed Assets</b>			
Intangible assets	12	2,061,248	2,061,248
Property, plant and equipment	13	2,907,069	2,678,740
		<b>4,968,317</b>	<b>4,739,988</b>
<b>Current Assets</b>			
Inventories	14	2,546,236	1,716,597
Trade and other receivables	15	2,113,119	1,768,642
Cash and cash equivalents	16	2,549,138	2,325,577
<b>Total Current Assets</b>		<b>7,208,493</b>	<b>5,810,816</b>
Creditors: amounts falling due within one year	17	(1,779,378)	(2,501,383)
<b>Net current assets</b>		<b>5,429,115</b>	<b>3,309,433</b>
<b>Total assets less current liabilities</b>		<b>10,397,432</b>	<b>8,049,421</b>
Provisions for liabilities	20	(104,588)	(116,452)
<b>Net assets</b>		<b>10,292,844</b>	<b>7,932,969</b>
<b>Equity</b>			
Called up share capital	22	99	99
Retained earnings		10,292,745	7,932,870
<b>Total Capital and Reserves</b>		<b>10,292,844</b>	<b>7,932,969</b>

The Financial Statements on pages 8 to 25 were approved and authorised for issue by the board and were signed on its behalf on 30 September 2019



**E Blythe**  
Director

The notes on pages 11 to 25 form part of these Financial Statements.

**NATURES AID LTD**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018**

	Share capital	Retained earnings	Total equity
	£	£	£
Balance at 1 January 2017	99	5,895,200	5,895,299
Profit for the financial year	-	2,037,670	2,037,670
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>2,037,670</b>	<b>2,037,670</b>
<b>Balance at 31 December 2017</b>	<b>99</b>	<b>7,932,870</b>	<b>7,932,969</b>
Balance at 1 January 2018	99	7,932,870	7,932,969
Profit for the financial year	-	2,359,875	2,359,875
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>2,359,875</b>	<b>2,359,875</b>
<b>At 31 December 2018</b>	<b>99</b>	<b>10,292,745</b>	<b>10,292,844</b>

The notes on pages 11 to 25 form part of these Financial Statements

## **NATURES AID LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

#### **1. ACCOUNTING POLICIES**

##### **1.1 General information**

The Company is a limited company incorporated and domiciled in England, United Kingdom. The Company is involved in the manufacture and distribution of own brand VMS (Vitamins, Minerals and Supplements) and herbal medicines and supplies independent retailers, wholesalers and distributors in the UK and to export markets. Registered number: 02793629

##### **1.2 Basis of preparation**

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The Financial Statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006. The parent company has been notified and did not object to the use of FRS 101.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a. The requirements of IFRS 7 Financial Instruments: Disclosures;
- b. Paragraphs 91 to 99 of IFRS 13 Fair Value Measurement (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- c. The requirements of IAS 7 Statement of Cash Flows;
- d. The requirements of paragraph 17 of IAS 24 Related Party Disclosures; and
- e. The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The preparation of Financial Statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements, are disclosed in note 2.

##### **1.3 Going concern**

After making appropriate enquiries the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparation of the Financial Statements.

##### **1.4 New and amended standards**

###### **(a) New and amended standards**

<b>Standard</b>		<b>Effective Date</b>
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax Assets	*1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018

**NATURES AID LTD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)****1.4 New and amended standards (continued)**

(b) New and amended standards issued but not yet effective for the financial year beginning 1 January 2017 and not early adopted:

<b>Standard</b>		<b>Effective Date</b>
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	*1 January 2017
IFRS 16	Leases	1 January 2019
Annual Improvements	2014 – 2016 Cycle	*1 January 2018

\*Subject to EU endorsement

**IFRS 9**

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. (IAS8(28)(a),(b),(d))

The adoption of IFRS 9 Financial Instruments from 1 Jan 2018 resulted in a change in accounting policy; however, it did not result in any changes of classification of financial instruments. The new accounting policies are set out in the notes below. In accordance with the transitional provisions in IFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated. The total impact on the Company's retained earnings as at 1 January 2018 is immaterial.

The company has two types of financial assets that are subject to IFRS9's new expected credit loss model: trade receivables resulting from the sale of goods and amounts due from subsidiary undertakings.

The Company was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the company's retained earnings and equity was considered immaterial. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

**Trade receivables**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The effect of application of this approach was immaterial on the value of the expected loss allowance.

**Amounts due from subsidiary undertakings**

The company applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all amounts due from subsidiary undertakings. The effect of application of this approach was immaterial on the value of the expected loss allowance.

**IFRS 15**

The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 Jan 2018. In accordance with the transition provisions in IFRS 15, the Company has adopted the new rules based on the cumulative effect method and has not restated comparatives for the 2018 financial year. The total impact on the Company's retained earnings as at 1 Jan 2018 is immaterial.

**IFRS 16**

The Company will adopt IFRS 16 Leases for the reporting period ended 31 December 2019. On adoption of IFRS 16, the Company will recognise lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Adoption of this new standard is not expected to result in a material impact to the financial statements.

**1. ACCOUNTING POLICIES (continued)**

**1.5 Revenue**

The Company has adopted IFRS 15 Revenue from Contracts with Customers and the total impact on the company is immaterial. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, net of discounts, returns and value added taxes.

Product sales are recognised when goods have been dispatched, provided that it is reasonably probable that measurable economic benefits will flow to the entity and that the substantial risks and rewards of ownership have been transferred to the buyer. It must also be possible to reliably measure the Company's own costs incurred or to be incurred.

Turnover is recognised before taxes at the fair value of the consideration received or receivable.

**1.6 Intangible assets**

**Goodwill**

Goodwill represents the excess of the consideration transferred over the value of business and associated net assets acquired. The business, comprising the manufacture and packaging and supply of vitamins, minerals, food supplements and herbal products, was acquired on 31 March 2008.

Goodwill is not amortised but assessed annually for impairment.

**1.7 Property, plant and equipment**

Property, plant and equipment is reported at cost less depreciation and any impairment losses. Depreciation shall begin when the asset is available for use and is accordingly in the condition necessary for it to be capable of operating.

Subsequent costs are capitalised where a future economic benefit will flow to the Company and that the cost of the asset can be reliably measured. Expenses for repairs and maintenance which do not represent significant replacement investments are recognised as expenses in the financial year in which they are incurred.

Land and buildings comprise a manufacturing facility, warehouse and offices.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the following bases.

The estimated useful lives range as follows:

Land and Buildings	-	2% straight line
Plant and machinery	-	10%-20% reducing balance, 33 1/3% straight line
Motor vehicles	-	25% reducing balance

**1. ACCOUNTING POLICIES (continued)**

**1.8 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

**1.9 Financial instruments**

The adoption of IFRS 9 Financial Instruments from 1 Jan 2018 resulted in a change in accounting policy; however, it did not result in any changes of classification of financial instruments.

*Classification*

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company determines the classification of its financial instruments at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

*Recognition and measurement*

At initial recognition, the Company classified its financial instruments in the following categories:

**(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'other receivables' and 'cash and cash equivalents' in the Statement of Financial Position. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans receivable to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method less a provision for impairment.

**(b) Financial liabilities at amortised cost**

Financial liabilities at amortised cost include other payables and amounts due to related parties. The financial liabilities are initially recognised at the amount to be required to be paid, less, when material, a discount to reduce the payables to fair value. Financial liabilities are subsequently measured at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.



**1. ACCOUNTING POLICIES (continued)**

**1.10 Impairment of financial assets**

*Assets carried at amortised cost*

The Company assesses at the end of each reporting period whether there is objective evidence that financial assets or a group of financial assets is impaired. Impairment losses are only incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and has an impact on the estimated cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

From 1 January 2018, the group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and intercompany receivables, the company applied the approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**1.11 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

**1.12 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and deposits held at call with banks.

**1.13 Share capital**

Ordinary shares are classed as equity.

**1.14 Reserves**

The retained earnings reserve includes all current and prior period retained profits and losses.

**1.15 Foreign currency translation**

**(a) Functional and presentation currency**

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The Financial Statements are presented in Pound Sterling (£), which is the Company's functional and presentation currency.

**1. ACCOUNTING POLICIES (continued)**

**1.15 Foreign currency translation (continued)**

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**1.16 Finance income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**1.17 Finance costs**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**1.18 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.19 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

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

**1. ACCOUNTING POLICIES (continued)**

**1.20 Leases**

The Company will adopt IFRS 16 Leases for the reporting period ended 31 December 2019. On adoption of IFRS 16, the Company will recognise lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate.

An assessment will be performed in relation to IFRS 16. Adoption of this new standard is not expected to result in a material impact to the financial statements.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Company has substantially all the risks and reward of ownership are classified as finance leases. Finance leases are capitalised at the leases commencement at the lower of the fair value and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance lease is depreciated over the shorter of the useful life of the asset and the lease term.

**2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of the Financial Statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the reporting date. Actual results may vary from the estimates used. The most significant judgement made is as follows:

*Recoverability of intangible assets*

During the year the Directors considered the recoverability of intangible assets, comprising goodwill which arose from the acquisition of the Natures Aid business including associated trademarks, for impairment. Goodwill is included in the Statement of Financial Position at £2,061,248 (31 December 2017 - £2,061,248).

**FINANCIAL RISK MANAGEMENT**

**Financial Risk Factors**

The Company's activities expose it to a variety of financial risks, including market risk, liquidity risk and credit risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. The Board determines principles for overall risk management and there are written policies covering specific areas such as credit risk.

**(a) Liquidity Risk**

In keeping with similar sized companies, the Company's continued future operations depend on the ability to maintain sufficient working capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed. The Company has no external borrowings.

**FINANCIAL RISK MANAGEMENT (continued)**

**(b) Credit Risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to customers.

For banks and financial institutions, only independent parties with a minimum rating of 'A' are accepted. Credit risk relating to accounts receivable balances are managed on a case-by-case basis. New clients are analysed before standard payment and delivery terms and conditions are offered. The credit quality of the customer is assessed taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Management does not expect any material losses from non-performance by these counterparties.

**(c) Capital Risk Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no externally imposed capital requirements and monitors future planned activities against resources available.

**3. REVENUE**

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Sales – VMS (Vitamins, Minerals and Supplements) and herbal medicines	12,415,687	9,398,793

Analysis of turnover by country of destination:

	2018 £	2017 £
United Kingdom	8,867,587	6,696,909
Rest of the world	3,548,100	2,701,884
<b>Total</b>	<b>12,415,687</b>	<b>9,398,793</b>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2018 £	2017 £
Depreciation of owned tangible fixed assets	163,591	145,591
Inventories recognised as an expense	4,772,345	3,648,938
Profit on disposal of tangible assets	-	(4,066)
Exchange differences	11,888	(114,035)
Operating lease expenses	24,625	35,834

**5. AUDITORS' REMUNERATION**

Fees payable to the Company's auditors for:

	2018 £	2017 £
The audit of the Company's financial statements	15,500	15,000

**6. EMPLOYEES**

Staff costs, including Directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	1,847,034	1,767,032
Social security costs	207,008	158,215
Other pension costs	60,303	47,695
<b>Total</b>	<b>2,114,345</b>	<b>1,972,942</b>

The average monthly number of employees, including the Directors, during the year was as follows:

	No.	No.
Production	44	37
Sales and marketing	18	16
Administrative	12	15
<b>Total</b>	<b>74</b>	<b>68</b>

**7. DIRECTORS' REMUNERATION**

The Directors did not receive emoluments for their services in 2018 or 2017 as they serve a number of companies in the Group. No Directors (2017 – Nil) are accruing post-employment benefits under defined contribution schemes. Directors' remuneration are disclosed within the accounts of Thornton & Ross Limited.

**8. FINANCE INCOME**

	2018 £	2017 £
Bank interest receivable	4,683	12,933

**9. FINANCE COSTS**

	2018 £	2017 £
Finance lease liabilities	-	(1,582)

**10. INCOME TAX EXPENSE**

The analysis below is in reference to the total tax charge included in the Statement of Comprehensive Income:

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profits for the year	576,098	507,238
Adjustments in respect of prior periods	1,408	22,918
<b>Total current tax charge</b>	<b>577,506</b>	<b>530,156</b>
<b>Deferred tax</b>		
	2018 £	2017 £
Origination and reversal of timing differences	(10,922)	(11,744)
Adjustments in respect of prior periods	(942)	(30,843)
<b>Total deferred tax credit</b>	<b>(11,864)</b>	<b>(42,587)</b>
<b>Taxation charge on profit</b>	<b>565,642</b>	<b>487,569</b>

**NATURES AID LTD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018****10. INCOME TAX (continued)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

For the years ended 31 December 2018 and 2017, the Company was subject to UK Corporation Tax at a standard rate of 19% and 19.25% respectively. Tax expense differs (2017: differs from) from the amounts computed by applying statutory UK tax rates as follows:

	2018 £	2017 £
Profit before taxation	2,925,517	2,525,239
Charge on profit before taxation at standard rate of tax at 19% (2017 – 19.25%)	555,848	486,109
<b>Effects of:</b>		
Fixed Asset Differences	6,381	-
Expenses not deductible for tax purposes	504	951
Capital allowances in excess of depreciation	-	6,123
Research and development tax credit	1,158	847
Adjustments in respect of prior years	466	(8,005)
Rate change differences	1,285	1,544
<b>Total tax charge for the year</b>	<b>565,642</b>	<b>487,569</b>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

The standard rate of UK corporation tax rates enacted and substantially enacted as at 31 December 2018 are as follows:

- 20% with effect from 1 April 2015
- 19% with effect from 1 April 2017
- 18% with effect from 1 April 2020

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

**11. DIVIDENDS**

	2018 £	2017 £
Interim paid at £Nil per share (2017 £Nil per share)	-	-

**NATURES AID LTD**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)**

**12. INTANGIBLE ASSETS**

	Goodwill £	Total £
<b>Cost</b>		
At 1 January 2018 and 31 December 2018	3,233,330	3,233,330
<b>Provisions for Impairment</b>		
At 1 January 2018 and 31 December 2018	1,172,082	1,172,082
<b>Net book value</b>		
At 31 December 2017 and 31 December 2018	2,061,248	2,061,248

**13. PROPERTY, PLANT AND EQUIPMENT**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2018	1,849,380	1,819,270	21,500	3,690,150
Additions	204,307	187,614	-	391,921
<b>At 31 December 2018</b>	<b>2,053,687</b>	<b>2,006,884</b>	<b>21,500</b>	<b>4,082,071</b>
<b>Accumulated Depreciation</b>				
At 1 January 2018	35,142	957,698	18,571	1,011,411
Charge for the year	33,585	129,274	732	163,591
<b>At 31 December 2018</b>	<b>68,727</b>	<b>1,086,972</b>	<b>19,303</b>	<b>1,175,002</b>
<b>Net book value</b>				
<b>At 31 December 2018</b>	<b>1,984,960</b>	<b>919,912</b>	<b>2,197</b>	<b>2,907,069</b>
<b>At 31 December 2017</b>	<b>1,814,238</b>	<b>861,573</b>	<b>2,929</b>	<b>2,678,740</b>



**NATURES AID LTD**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

**14. INVENTORIES**

	2018	2017
	£	£
Raw materials and consumables	1,115,741	542,438
Work in progress	438,116	394,312
Finished goods	992,379	779,847
<b>Finished goods</b>	<b>2,546,236</b>	<b>1,716,597</b>

**15. TRADE AND OTHER RECEIVABLES**

	2018	2017
	£	£
Trade receivables	1,746,345	1,322,972
Prepayments and accrued income	366,774	445,670
<b>Total</b>	<b>2,113,119</b>	<b>1,768,642</b>

All trade and other receivables are due within one year from the end of the reporting period.

Movements on the Company provision for impaired receivables are as follows:

	2018	2017
	£	£
At start of the year	5,962	3,173
Charge for receivables impairment	3,994	4,482
Amounts written off as uncollectable	(3,493)	(2,093)
<b>At the end of the year</b>	<b>6,463</b>	<b>5,962</b>

The creation and release of the provision for impaired receivables has been included in general and administrative expenses in the income statement.

**16. CASH AND CASH EQUIVALENTS**

	2018	2017
	£	£
Cash at bank and in hand	2,549,138	2,325,577

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018	2017
	£	£
Trade payables	489,102	510,282
Amounts owed to group undertakings	26,157	675,314
Corporation tax	340,922	226,726
Taxation and social security	170,059	203,239
Other creditors	-	6,779
Accruals and deferred income	753,138	879,043
<b>Total</b>	<b>1,779,378</b>	<b>2,501,383</b>

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**NATURES AID LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

**18. FINANCIAL INSTRUMENTS**

	2018 £	2017 £
<b>Financial assets</b>		
Financial assets measured at amortised cost	4,925,483	3,654,510
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	1,268,397	2,071,419

Financial assets measured at amortised cost comprise trade and other receivables (excluding prepayments and accrued income) and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade and other payables, amounts due to group undertakings and accruals and deferred income.

**19. LEASES**

	2018 £	2017 £
Operating commitments		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
Not later than 1 year	26,057	27,636
Later than 1 year and no later than 5 years	38,518	8,875
	64,575	36,511

**20. PROVISION FOR LIABILITIES**

	2018 £	2017 £
Deferred tax		
At 1 January	116,452	159,039
Credited to profit or loss	(11,864)	(42,587)
<b>At 31 December</b>	<b>104,588</b>	<b>116,452</b>

**21. PROVISION FOR LIABILITIES**

The deferred tax liability is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	104,588	116,452

**NATURES AID LTD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018****22. CALLED UP SHARE CAPITAL**

	2018 £	2017 £
Allotted, called up and fully paid		
99 Ordinary shares of £1 each (2017: 99)	99	99

**23. PENSION COMMITMENTS**

The cost of contributions to money purchase pension arrangements amounted to £60,303 (2017 - £47,695). As at 31 December 2018 there were £Nil outstanding or prepaid contributions (2017- £6,780).

**24. RELATED PARTY TRANSACTIONS**

As detailed in Note 2 of the Financial Statements, the Company has taken advantage of the disclosure exemption available under FRS 101 to not disclose related party transactions with other group members.

**25. POST BALANCE SHEET EVENTS**

During the course of 2017, entities advised, managed or controlled by Bain Capital and Cinven (together the Sponsors) launched a takeover offer in respect of STADA Arzneimittel AG (the Takeover Offer). In part to support the financing of the Takeover Offer, the Sponsors arranged acquisition financing in the form of senior unsecured notes (The SUNs), senior secured notes (the SSNs and, together with the SUNs, the Notes) and a senior secured term loan (the TL and, together with the Notes, the Acquisition Finance). As is customary for investment in operating businesses in the private equity space, a revolving credit facility (the RCF and, together with the Acquisition Finance, the Nidda Debt) was arranged. In December 2017 Nidda Healthcare GmbH and STADA Arzneimittel AG entered into a domination and profit and loss transfer agreement (DPLTA) under German law which became effective on 20 March 2018. Under this DPLTA, Nidda Healthcare can issue binding instructions to the Executive Board of STADA Arzneimittel AG within certain legal boundaries. In this context, as a result of conversations between the Sponsors and STADA management, the Sponsors have taken the view that Natures Aid Ltd should grant guarantees and security in respect of the Nidda Debt. The guarantee commenced on 29 July 2019.

**26. IMMEDIATE AND ULTIMATE GROUP UNDERTAKING**

The Company's immediate parent undertaking is Stada UK Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent and controlling party is NIDDA German Topco GmbH, a company incorporated in Germany. This is the only company to consolidate. The Company is included within their consolidated financial statements which are publicly available from NIDDA German Topco GmbH Stadastrasse 2-18, 61118 Bad Vilbel, Germany.