

Company Registration No. 05755179 (England and Wales)

ARBONNE UK GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019



ARBONNE UK GROUP LIMITED

COMPANY INFORMATION

Directors	V Beckett B Chala A Van Ruymbeke T Whitehead
Secretary	B Chala
Company number	05755179
Registered office	Unit 16 Basset Court Loake Close Grange Park Northampton Northamptonshire NN4 5EZ
Auditor	RSM UK Audit LLP Chartered Accountants St Olaf's Hall Church Road Lerwick Shetland Isles ZE1 0FD

ARBONNE UK GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

The Group's principal activities changed from 2018 as the company sold the distribution rights to Arbonne International. From 2019 the principal activities of the company was the marketing of cosmetics and nutritional products including organising and running events.

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management. Compliance with regulation, legal and ethical standards is a high priority for the Group and the compliance team and Group finance department take on an important oversight role in this regard. The Company's activities expose it to significant financial risk due to currency fluctuations, with multiple currencies in operation including US Dollar, GB Pound and Euro.

Currency fluctuations

The Company purchases all its products from the USA and therefore is exposed to movement in the US Dollar to GB Pound exchange rate. The Company minimises the risk of exchange rate fluctuations by operating individual currency bank accounts. The Company continuously monitors currency fluctuations on a daily basis.

Financial risk management

The Company purchases goods and services from overseas suppliers and from Group companies using foreign currencies and is consequently exposed to foreign exchange risk. As many of these transactions are with Group companies, no hedging activities are undertaken. Due to the nature of the business, customers pay upfront to attend events, as a consequence the Company considers credit risk to be low. The Company finances its operations through Group borrowings which enables the Company and Group to meet their liabilities as they fall due.

Key performance indicators

The following are the financial key performance indicators that the directors use to monitor the performance of the business.

The Consolidated Statement of Financial Position on page 9 shows that the Group's net liabilities have decreased.

The Group's cash levels have increased by \$1.4m to \$2.6m at the end of the current financial year.

Creditors due within one year have decreased by \$2.4m to \$4.2m at the end of the current financial year.

Revenue has decreased by 96% from the prior year. Changes in the incentive plan had an adverse impact in both the UK and Australia, on the behaviours of our business builders. In the UK another factor was also challenging market conditions with the advent of Brexit and the uncertainties that this has caused for businesses across our sector.

The Group's profitability as shown in the Consolidated Statement of Comprehensive Income on page 8 has increased from a loss of \$3,141,901 in 2018 to a profit of \$5,192,299 in 2019.

One of the Company's key measurements of effectiveness of its operations is the gross profit margin. The gross profit margin for the year was 16%; which is down from 68% in 2018. At a macro level, monthly promotions and incentives drive our margins on a monthly basis. As we incentivise sales to correspond with commercial promotions or consultant initiatives, these subsequently increase our COGS or bonuses/incentives each month. Additionally, our business continues to increase its nutritional mix, which have lower margins. Lastly, our annual Global Training Conference has a significant number of sales that occur across heavily discounted promotional bundles, and a similar pattern occurs through each countries' National Training Conference which also impact margins.

ARBONNE UK GROUP LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Other information and explanations

Impact of Brexit

The UK formally left the European Union on 31 January 2020 and was in an agreed transition period to 31 January 2020. During this period the UK is still bound by EU rules.

In advance of confirmed agreements with the EU for 2021 and on, Arbonne has been making preparations particularly relating to the import of goods into the UK and into Poland. We have been working with our internal Arbonne partners including Tax and Legal, expeditors, 3PL warehouses to ensure that we have alternative processes and the relevant documentation required to import and export our goods, for example an EU EORI number.

We will continue to monitor the situation according to BREXIT announcements from the UK Government.

Impact of COVID-19

Subsequent to the year-end, the outbreak of the coronavirus disease ("COVID-19") has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilise economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments nor the impact on the financial position and financial results of the Company in future periods. As far as short term impact, there is no impact of COVID-19 on the Company's financials as our current 2020 sales have been rising to higher levels from prior years.

On behalf of the board



V Beckett
Director

Date: 23/12/21

ARBONNE UK GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activities of the company was the marketing of cosmetics and nutritional products including organising and running events. The Group trades internationally, including within UK, Australia, New Zealand, Poland and Taiwan.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

V Beckett

B Chala

A Van Ruymbeke

J-D Schwartz

(Resigned 31 March 2021)

T Whitehead

(Appointed 1 April 2021)

C Okawa

(Resigned 29 March 2019)

Future developments

Effective 31 December 2018, all distribution rights and related assets/liabilities owned previously by Arbonne UK Limited (AUK) were sold to Arbonne International (AIL).

From 1 January 2019, Arbonne UK Limited have entered a new arrangement with Arbonne International LLC (AIL) to provide services that are required by AIL related to the business of the parties. AUK will be compensated for providing such services with amounts that are determined by the parties on an arm's length basis in accordance with applicable transfer pricing rules.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Information presented in the Strategic Report

The company has chosen, in accordance with s414C(11) of the Companies Act, to set out in the company's Strategic Report the following information which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Directors' Report:

- Financial risk management objectives and policies

ARBONNE UK GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board

V M Beckett

V Beckett
Director

Date: 23/12/21

ARBONNE UK GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and the 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBONNE UK GROUP LIMITED

Opinion

We have audited the financial statements of Arbonne UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group's or the parent 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARBONNE UK GROUP LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

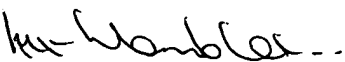
Auditor's responsibilities for the audit of the financial statements

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 auditor's 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 Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.


Irene Hambleton BAcc CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
St Olaf's Hall
Church Road
Lerwick
Shetland Isles
ZE1 0FD

29 December 2021

ARBONNE UK GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	2018 \$
Turnover	3	3,112,920	82,877,727
Cost of sales		(3,605,222)	(26,208,526)
Gross (loss)/profit		(492,302)	56,669,201
Administrative expenses		(7,300,839)	(64,642,741)
Other operating income		9,479,896	4,862,664
Operating profit/(loss)	6	1,686,755	(3,110,876)
Interest receivable and similar income	8	1,890	405
Interest payable and similar expenses	9	(47,306)	(183,446)
Gain on intercompany waiver	10	4,548,600	-
Profit/(loss) before taxation		6,189,939	(3,293,917)
Tax on profit/(loss)	11	(467,397)	166,194
Profit/(loss) for the financial year		5,722,542	(3,127,723)
Other comprehensive income net of taxation			
Currency translation differences		(530,243)	(14,178)
Total comprehensive income for the year		5,192,299	(3,141,901)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

ARBONNE UK GROUP LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 \$	\$	2018 \$	\$
Fixed assets					
Tangible assets	12		380,381		291,900
Current assets					
Debtors	15	3,028,996		1,706,254	
Cash at bank and in hand		2,601,881		1,173,431	
		<u>5,630,877</u>		<u>2,879,685</u>	
Creditors: amounts falling due within one year	16	<u>(4,180,871)</u>		<u>(6,631,413)</u>	
Net current assets/(liabilities)			<u>1,450,006</u>		<u>(3,751,728)</u>
Total assets less current liabilities			<u>1,830,387</u>		<u>(3,459,828)</u>
Creditors: amounts falling due after more than one year	17		(1,412,218)		(1,314,413)
Provisions for liabilities	18		(111)		-
Net assets/(liabilities)			<u>418,058</u>		<u>(4,774,241)</u>
Capital and reserves					
Called up share capital	20		148		148
Other reserves	21		(102,422)		(102,422)
Profit and loss reserves	21		520,332		(4,671,967)
Total equity			<u>418,058</u>		<u>(4,774,241)</u>

The financial statements were approved by the board of directors and authorised for issue on 23/12/21 and are signed on its behalf by:




V Beckett
Director

ARBONNE UK GROUP LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	2019 \$	\$	2018 \$	\$
Fixed assets					
Tangible assets	12		39,079		144,167
Investments	13		25,100		25,100
			<u>64,179</u>		<u>169,267</u>
Current assets					
Debtors	15	666,356		1,440,779	
Cash at bank and in hand		1,817,906		870,102	
		<u>2,484,262</u>		<u>2,310,881</u>	
Creditors: amounts falling due within one year	16	<u>(1,681,787)</u>		<u>(5,472,071)</u>	
Net current assets/(liabilities)			<u>802,475</u>		<u>(3,161,190)</u>
Total assets less current liabilities			<u>866,654</u>		<u>(2,991,923)</u>
Creditors: amounts falling due after more than one year	17		<u>(1,412,218)</u>		<u>(1,314,413)</u>
Net liabilities			<u><u>(545,564)</u></u>		<u><u>(4,306,336)</u></u>
Capital and reserves					
Called up share capital	20		148		148
Profit and loss reserves	21		<u>(545,712)</u>		<u>(4,306,484)</u>
Total equity			<u><u>(545,564)</u></u>		<u><u>(4,306,336)</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group accounts. The company's profit for the year was \$4,324,057 (2018 - \$2,674,571 loss).

The financial statements were approved by the board of directors and authorised for issue on 23/12/21 and are signed on its behalf by:



V Beckett
Director

ARBONNE UK GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Other reserves	Profit and loss reserves	Total
	\$	\$	\$	\$
Balance at 1 January 2018	148	(2,590,716)	958,228	(1,632,340)
Year ended 31 December 2018:				
Loss for the year	-	-	(3,127,723)	(3,127,723)
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(14,178)	(14,178)
Total comprehensive income for the year	-	-	(3,141,901)	(3,141,901)
Realisation of merger reserve on group reconstruction	-	2,488,294	(2,488,294)	-
Balance at 31 December 2018	148	(102,422)	(4,671,967)	(4,774,241)
Year ended 31 December 2019:				
Profit for the year	-	-	5,722,542	5,722,542
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(530,243)	(530,243)
Total comprehensive income for the year	-	-	5,192,299	5,192,299
Balance at 31 December 2019	148	(102,422)	520,332	418,058

ARBONNE UK GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Own shares	Profit and loss reserves	Total
	\$	\$	\$	\$
Balance at 1 January 2018	148	(2,488,294)	856,400	(1,631,746)
Year ended 31 December 2018:				
Loss for the year	-	-	(2,674,571)	(2,674,571)
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(19)	(19)
Total comprehensive income for the year	-	-	(2,674,590)	(2,674,590)
Realisation of merger reserve on group reconstruction	-	2,488,294	(2,488,294)	-
Balance at 31 December 2018	148	-	(4,306,484)	(4,306,336)
Year ended 31 December 2019:				
Profit for the year	-	-	4,324,057	4,324,057
Other comprehensive income net of taxation:				
Currency translation differences	-	-	(563,285)	(563,285)
Total comprehensive income for the year	-	-	3,760,772	3,760,772
Balance at 31 December 2019	148	-	(545,712)	(545,564)

ARBONNE UK GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 \$	\$	2018 \$	\$
Cash flows from operating activities					
Cash absorbed by operations	22	(2,088,281)		(13,623,781)	
Interest paid		(47,306)		(183,446)	
Income taxes paid		(190,238)		(914,992)	
Net cash outflow from operating activities		(2,325,825)		(14,722,219)	
Investing activities					
Proceeds of disposal of business		4,548,600		-	
Proceeds on disposal of intangibles		-		6,014,000	
Purchase of tangible fixed assets		(278,776)		(153,250)	
Proceeds on disposal of tangible fixed assets		-		7,892	
Interest received		1,890		405	
Net cash generated from investing activities		4,271,714		5,869,047	
Net increase/(decrease) in cash and cash equivalents		1,945,889		(8,853,172)	
Cash and cash equivalents at beginning of year		1,173,431		10,026,603	
Effect of foreign exchange rates		(517,439)		-	
Cash and cash equivalents at end of year		2,601,881		1,173,431	

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Arbonne UK GROUP Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 16 Basset Court, Loake Close, Grange Park, Northampton, Northamptonshire, NN4 5EZ.

The group consists of Arbonne UK GROUP Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in dollars, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Arbonne UK GROUP Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The Group and company has made a profit in the year, and while the Group has a positive balance sheet, the company has net liabilities which mainly reflects the amounts due to the Group.

The management team have prepared cashflow projections to 31 December 2022 and these show there will be sufficient cash, based on expected income and expenditure levels to support the business. The key assumption relates to the cost plus arrangement with the parent and a letter of support is in place from Groupe Rocher agreeing support for at least 12 months from the date of approval of the financial statements.

Based on the cash flow forecasts, and anticipated income and support from Groupe Rocher, the directors have concluded there is a reasonable expectation that the group and company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods or services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

The majority of the Company and Group's turnover is comprised of amounts billed to parent undertakings on a cost plus basis. It is recognised in line with costs incurred which are considered recoverable.

Event income is recognised when the event happens.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Straight line over the life of the lease
Plant and equipment	20 - 25% straight line
Fixtures and fittings	20 - 25% straight line
Computers	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, cash and bank balances and loans to fellow group companies, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'interest receivable or payable'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income.

On consolidation, the results of overseas operations are translated into Dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Operating leases: The Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Interest income

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

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Finance costs

Finance costs are charged to the Consolidated 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2019 \$	2018 \$
Turnover analysed by class of business		
Products	98,039	80,724,260
Events	3,014,881	2,153,467
	<u>3,112,920</u>	<u>82,877,727</u>
	2019 \$	2018 \$
Other revenue		
Interest income	<u>1,890</u>	<u>405</u>
	2019 \$	2018 \$
Turnover analysed by geographical market		
United Kingdom	2,028,079	30,572,281
Australia	962,409	40,262,087
Europe	23,380	3,221,257
Rest of the world	99,052	8,822,102
	<u>3,112,920</u>	<u>82,877,727</u>

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
United Kingdom	29	32	29	33
Australia	12	21	-	-
Poland	2	2	2	2
Total	43	55	31	35

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Executive	2	4	1	1
Accounting	4	5	2	3
Operations	5	4	4	4
Marketing	21	19	13	14
Customer Service	11	23	11	13
Total	43	55	31	35

Their aggregate remuneration comprised:

	Group 2019 \$	2018 \$	Company 2019 \$	2018 \$
Wages and salaries	2,555,501	4,425,198	1,419,419	2,749,455
Social security costs	183,559	291,698	153,444	237,333
Pension costs	115,688	185,983	28,095	58,608
Total	2,854,748	4,902,879	1,600,958	3,045,396

5 Directors' remuneration

	2019 \$	2018 \$
Remuneration for qualifying services	239,094	1,171,836

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration (Continued)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 \$	2018 \$
Remuneration for qualifying services	239,094	1,171,836

The remuneration relates to one director.

6 Operating profit/(loss)

	2019 \$	2018 \$
Operating profit/(loss) for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	-	130,755
Depreciation of owned tangible fixed assets	167,217	353,870
Loss on disposal of tangible fixed assets	10,274	205,209
Amortisation of intangible assets	-	1,269,591
Stocks impairment losses recognised or reversed	-	1,001,515
Operating lease charges	263,285	382,409

7 Auditor's remuneration

	2019 \$	2018 \$
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	50,000	57,640
Audit of the financial statements of the company's subsidiaries	-	22,360
	50,000	80,000
For other services		
Taxation compliance services	10,000	-
All other non-audit services	12,000	3,500
	22,000	3,500

8 Interest receivable and similar income

	2019 \$	2018 \$
Interest income		
Other interest income	1,890	405

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

9 Interest payable and similar expenses

	2019 \$	2018 \$
Interest payable to group undertakings	47,306	183,446

10 Intercompany waiver

At 30 June 2019, as part of the liquidation of Arbonne UK Limited Taiwan Branch, an agreement was reached concerning the group balances at the time of liquidation. Arbonne International LLC US has determined that the total consolidated intercompany balances related to the Taiwan Branch liquidation of \$4,548,600 USD have been waived and were written off effective in the year ended 31 December 2019. The balances have been settled through the statement of comprehensive income via gains/losses on intercompany settlements.

11 Taxation

	2019 \$	2018 \$
Current tax		
UK corporation tax on profits for the current period	50,149	-
Adjustments in respect of prior periods	39,693	(563,144)
Total UK current tax	89,842	(563,144)
Foreign current tax on profits for the current period	369,238	(31,197)
Total current tax	459,080	(594,341)
Deferred tax		
Origination and reversal of timing differences	8,317	(56,150)
Changes in tax rates	-	5,911
Adjustment in respect of prior periods	-	478,386
Total deferred tax	8,317	428,147
Total tax charge/(credit)	467,397	(166,194)

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation (Continued)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2019 \$	2018 \$
Profit/(loss) before taxation	6,189,939	(3,293,917)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	1,176,088	(625,844)
Tax effect of expenses that are not deductible in determining taxable profit	312,001	453,329
Tax effect of income not taxable in determining taxable profit	(930,276)	-
Adjustments in respect of prior years	-	(84,758)
Effect of change in corporation tax rate	-	5,911
Effect of overseas tax rates	(90,416)	-
Deferred tax not recognised	-	85,168
Taxation charge/(credit)	467,397	(166,194)

12 Tangible fixed assets

Group	Leasehold land and buildings \$	Plant and equipment \$	Fixtures and fittings \$	Computers \$	Total \$
Cost					
At 1 January 2019	495,951	4,102	185,016	807,819	1,492,888
Additions	253,245	-	15,067	10,464	278,776
Disposals	(130,143)	(2,794)	(91,437)	(154,636)	(379,010)
At 31 December 2019	619,053	1,308	108,646	663,647	1,392,654
Depreciation and impairment					
At 1 January 2019	359,384	764	164,384	676,456	1,200,988
Depreciation charged in the year	60,703	380	7,891	98,243	167,217
Eliminated in respect of disposals	(120,005)	(696)	(79,479)	(155,752)	(355,932)
At 31 December 2019	300,082	448	92,796	618,947	1,012,273
Carrying amount					
At 31 December 2019	318,971	860	15,850	44,700	380,381
At 31 December 2018	136,567	3,338	20,632	131,363	291,900

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Tangible fixed assets (Continued)

Company	Leasehold land and buildings	Fixtures and fittings	Computers	Total
	\$	\$	\$	\$
Cost				
At 1 January 2019	301,689	116,561	598,496	1,016,746
Additions	-	-	3,012	3,012
Disposals	(55,994)	(22,982)	(66,008)	(144,984)
At 31 December 2019	245,695	93,579	535,500	874,774
Depreciation and impairment				
At 1 January 2019	295,022	107,676	469,881	872,579
Depreciation charged in the year	3,335	3,236	90,582	97,153
Eliminated in respect of disposals	(56,211)	(20,187)	(57,639)	(134,037)
At 31 December 2019	242,146	90,725	502,824	835,695
Carrying amount				
At 31 December 2019	3,549	2,854	32,676	39,079
At 31 December 2018	6,667	8,885	128,615	144,167

13 Fixed asset investments

	Notes	Group 2019 \$	2018 \$	Company 2019 \$	2018 \$
Investments in subsidiaries	14	-	-	25,100	25,100

Movements in fixed asset investments

Company	Shares in group undertakings \$
Cost or valuation	
At 1 January 2019 and 31 December 2019	25,100
Carrying amount	
At 31 December 2019	25,100
At 31 December 2018	25,100

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Arbonne Australia PTY LTD	1 Wonderland Dr, Eastern Creek, NSW 2766, Australia	Marketing activities	Ordinary	100.00
Arbonne Germany GMBH	Ottostr. 4, c/o Langwieser Rechtsanwälte Partnerschaft, 80333 Munchen, Germany	Marketing activities	Ordinary	100.00

15 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	\$	\$	\$	\$
Trade debtors	-	22	-	22
Corporation tax recoverable	355,462	608,222	345,937	575,070
Amounts owed by group undertakings	1,711,232	-	159,517	-
Other debtors	78,711	632,497	20,842	574,245
Prepayments and accrued income	454,593	457,196	140,060	283,125
	<u>2,599,998</u>	<u>1,697,937</u>	<u>666,356</u>	<u>1,432,462</u>
Deferred tax asset (note 18)	428,998	8,317	-	8,317
	<u>3,028,996</u>	<u>1,706,254</u>	<u>666,356</u>	<u>1,440,779</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	\$	\$	\$	\$
Trade creditors	388,057	120,843	112,318	70,150
Amounts owed to group undertakings	346,470	3,723,862	413,097	3,848,582
Corporation tax payable	444,969	-	1	-
Other taxation and social security	266,896	-	57,577	-
Accruals and deferred income	2,734,479	2,786,708	1,098,794	1,553,339
	<u>4,180,871</u>	<u>6,631,413</u>	<u>1,681,787</u>	<u>5,472,071</u>

Within accruals and deferred income are pension commitments of £49,705 and £42,221 for the group and company respectively (2018: £13,920 and £6,043).

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Creditors: amounts falling due after more than one year

	Group 2019 \$	2018 \$	Company 2019 \$	2018 \$
Amounts owed to group undertakings	1,412,218	1,314,413	1,412,218	1,314,413

Amounts owed to group undertakings relate to an unsecured intercompany loan to Arbonne International LLC at an interest rate of 3% per annum with maturity date of 31 December 2021.

18 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

Group	Liabilities 2019 \$	Liabilities 2018 \$	Assets 2019 \$	Assets 2018 \$
Accelerated capital allowances	111	-	-	4,270
Tax losses	-	-	-	1,027
Short term timing difference	-	-	428,998	3,020
	111	-	428,998	8,317

Company	Liabilities 2019 \$	Liabilities 2018 \$	Assets 2019 \$	Assets 2018 \$
Accelerated capital allowances	-	-	-	4,270
Tax losses	-	-	-	1,027
Short term timing difference	-	-	-	3,020
	-	-	-	8,317

	Group 2019 \$	Company 2019 \$
Movements in the year:		
Asset at 1 January 2019	(8,317)	(8,317)
(Credit)/charge to profit or loss	(420,570)	8,317
Asset at 31 December 2019	(428,887)	-

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of short term timing differences against future expected profits of the same period. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

19 Retirement benefit schemes

	2019	2018
Defined contribution schemes	\$	\$
Charge to profit or loss in respect of defined contribution schemes	115,688	185,983

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

20 Share capital

	Group and Company			
	2019	2018	2019	2018
Ordinary share capital	Number	Number	\$	\$
Issued and fully paid				
Ordinary shares of £1.48 each	100	100	148	148

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

21 Reserves

Other reserves

Other reserves represent merger reserves following group restructuring.

Profit and loss reserves

The profit and loss account represents the cumulative profits and losses of the group less any distributions made to the owners of the group.

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

22 Cash absorbed by group operations

	2019 \$	2018 \$
Profit/(loss) for the year after tax	5,722,542	(3,127,723)
Adjustments for:		
Taxation charged/(credited)	467,397	(166,194)
Finance costs	47,306	183,446
Investment income	(1,890)	(405)
Loss on disposal of tangible fixed assets	10,274	205,209
Gain on intercompany waiver	(4,548,600)	-
Amortisation and impairment of intangible assets	-	1,269,591
Depreciation and impairment of tangible fixed assets	167,217	353,870
Movements in working capital:		
Decrease in stocks	-	13,187,575
(Increase)/decrease in debtors	(1,154,821)	1,251,853
Decrease in creditors	(2,797,706)	(26,781,003)
Cash absorbed by operations	(2,088,281)	(13,623,781)

23 Analysis of changes in net funds - group

	1 January 2019 \$	Cash flows \$	Exchange rate movements \$	31 December 2019 \$
Cash at bank and in hand	1,173,431	1,945,889	(517,439)	2,601,881

24 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 \$	2018 \$	Company 2019 \$	2018 \$
Within one year	57,380	381,310	57,380	210,449
Between one and five years	25,183	705,451	25,183	2,711
	82,563	1,086,761	82,563	213,160

ARBONNE UK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

25 Events after the reporting date

The COVID-19 pandemic and the associated government restrictions have caused uncertainty, and people around the world are concerned both personally and professionally. But one thing management know for sure is that good nutrition and individual economic opportunity have never been more important. Given our growth performance in 2020, revised forecasts, and the backup support of our ultimate parent company, which has sufficient cash and liquidity to fund the Group and Company's operations as necessary, COVID-19 pandemic does not impact the Company's ability to continue as a going concern.

26 Related party transactions

The Company has taken exemption under FRS 102 from disclosing related party transactions with entities that are part of a group.

27 Controlling party

The immediate parent company is Arbonne Global Holdings Inc. A company incorporated in the Cayman Islands. LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA was the ultimate parent company as at the balance sheet date. The address of its registered office is 7 Chemin de Bretagne, 92 130 Issy-les-Moulineaux Cedex, France.

The smallest group for which group financial statements are prepared is Arbonne UK Limited and the largest group for which financial statements are prepared is LABORATOIRES DE BIOLOGIE VEGETALE YVES ROCHER SA.