

Natural Products Limited

Report and Financial Statements

Period Ended

25 July 2014

Company Number 02722414

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Natural Products Limited

Report and financial statements for the period ended 25 July 2014

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Directors

T J Wright
S R Russell
A L Craig

Secretary and registered office

A L Craig, 3 Warple Way, London, W3 0RX

Company number

02722414

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Natural Products Limited

Strategic report for the period ended 25 July 2014

The directors present their strategic report together with the audited financial statements for the period 1 June 2013 to 25 July 2014.

The principal activity of the group and company is the designing, importing and distribution of giftware, stationery, personal care and cosmetic products.

Performance Review

The directors are satisfied with the performance of the company during a major transitional period for the business. Sales of £22,671,226 (12 month period - 2013: £20,771,25) for the 14 months includes 2 additional months of non-peak trading compared to the prior 12 month period, which the directors view as an acceptable performance.

In addition to its UK activities, NPW continues to focus on its European and International business in which revenues increased from £10,543,732 (2013 – 12 months) to £11,773,051 (2014 – 14 months). Trading conditions in the UK retail sector started to ease, with sales moving from £10,227,525 (2013 – 12 months) to £10,898,175 (2014 – 14 months).

The company's profitability during these transitional arrangements has been adversely impacted by a number of one off costs and investments associated with the implementation of a new ERP system and Third Party Logistics arrangement, together with the costs of a strategic review of the company's inventory profile with associated provisions. The directors believe that this one off investment in operations now positions the business in a robust and scalable state. Immediately following the balance sheet date, the company was partially refinanced through a £5.5m cash injection, leaving the business operationally and financially capable of delivering a further period of growth.

The company continues to invest in its employees, with a 21% increase in its headcount during the period. The appointment of a new Product Director, CFO and Chairman have been key investments in allowing the business to deliver its business change program and post period end, the appointment of a new US President of the US business will further support the company's international growth plan.

Risks and Uncertainties

The directors of the group continually monitor the principal risks and uncertainties surrounding the business and consider the following risks to be the most important to the future of the business.

Credit Risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers. Maximum exposure is limited to the carrying amounts of the financial assets presented in the group's consolidated financial statements. The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of its customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

There is no concentration of credit risk geographically or with any single customer. The group has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including aging profile, and existence of previous financial difficulties. Customers that are considered to be high risk are placed on credit hold and monitored by the group, and future sales are made on an approval or pro forma basis.

Natural Products Limited

Strategic report for the period ended 25 July 2014 (*continued*)

Liquidity Risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities. The group's primary sources of liquidity are its cash flows from operating activities and available lines of credit. Following a successful refinancing of the group in July 2014 the group believes that its existing cash and estimated cash flows, along with current working capital, will be adequate to meet its operating and capital requirements for at least the next twelve months.

Foreign Exchange Risk

The group is exposed to currency risk on purchases and trade receivables that are denominated in a currency other than the respective functional currencies of the company or its subsidiary.

The bulk of the company's product purchases are made in USD whereas a significant proportion of its sales are made in GBP and EUR. The company is therefore subject to a potential foreign exchange risk resulting from movements in the USD/GBP and USD/EUR exchange rates. However, the company benefits from a natural hedge by virtue of its significant sales denominated in USD and monitors the net residual foreign exchange risk.

Key Performance Indicators

The directors prepare detailed management accounts and compare these to budget and to prior year performance on a monthly basis. These reviews include analysis of a number of key trading and operational metrics which include gross profit by sector and territory, key working capital measurements and a review of business performance against relevant banking covenants. This monitoring often leads to requests for further analysis and to facilitate this, the directors operate rolling year end projections.

Approval

This strategic report was approved on behalf of the Board on 13 July 2015



A L Craig

Director

Natural Products Limited

Report of the directors for the period ended 25 July 2014

The directors present their report together with the audited financial statements for the period 1 June 2013 to 25 July 2014.

Results and dividends

The consolidated profit and loss account is set out on page 7 and shows the loss for the period.

The directors paid an interim dividend of £4,808,000 (2013 - £1,000,000). The directors do not recommend the payment of a further dividend.

Financial Risk Management

Information on financial risk management objectives and policies is included in the strategic report.

Directors

The directors of the company during the year were:

M S Sweeney	(resigned 29 December 2014)
J M Chapman	(resigned 11 November 2013)
T J Wright	
S J Case	(appointed 22 January 2014; resigned 5 June 2015)
S R Russell	(appointed 14 July 2014)
A L Craig	(appointed 5 June 2015)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 group and company 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; 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Natural Products Limited

Report of the directors for the period ended 25 July 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



A L Craig

Director

Date 13 July 2015

Natural Products Limited

Independent auditor's report

TO THE MEMBERS OF NATURAL PRODUCTS LIMITED

We have audited the financial statements of Natural Products Limited for the period ended 25 July 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cashflow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the parent company's affairs as at 25 July 2014 and of the group loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters

The corresponding consolidated figures for the year ended 31 May 2013 are unaudited.

Natural Products Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

BDO LLP

*Ian Clayden (senior statutory auditor),
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

Date 13 July 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Natural Products Limited

Consolidated profit and loss account for the period ended 25 July 2014

	Note	2014 £	Unaudited 2013 £
Turnover	2	22,671,226	20,771,257
Cost of sales		(14,491,434)	(11,650,111)
Gross profit		8,179,792	9,121,146
Administrative expenses		(10,836,264)	(5,847,253)
Operating (loss)/profit before exceptional items		(650,466)	3,468,429
Exceptional items	5	(2,006,006)	(194,536)
Operating (loss)/profit	5	(2,656,472)	3,273,893
Interest payable and similar charges	6	(21)	-
Other interest receivable and similar income	7	3,260	1,438
(Loss)/profit on ordinary activities before taxation		(2,653,233)	3,275,331
Taxation on (loss)/profit from ordinary activities	8	288,418	(272,120)
(Loss)/profit for the period	19, 20	(2,364,815)	3,003,211

All activities derive from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

Natural Products Limited

Consolidated statement of total recognised gains and losses for the period ended 25 July 2014

	2014 £	Unaudited 2013 £
(Loss)/profit for the financial period	(2,364,815)	3,003,211
Exchange translation differences on consolidation	(2,369)	-
	<hr/>	<hr/>
Total recognised gains and losses for the financial period	(2,367,184)	3,003,211
	<hr/>	<hr/>

The notes on pages 12 to 23 form part of these financial statements.

Natural Products Limited

Consolidated balance sheet at 25 July 2014

<i>Company number 02722414</i>	<i>Note</i>	25 July 2014 £	25 July 2014 £	Unaudited 31 May 2013 £	Unaudited 31 May 2013 £
Fixed assets					
Intangible assets	10		2,394,654		2,606,006
Tangible assets	11		740,225		457,276
			<hr/>		<hr/>
			3,134,879		3,063,282
Current assets					
Stocks	13	4,389,168		4,518,288	
Debtors	14	3,739,856		5,743,503	
Cash at bank and in hand		128,667		1,474,609	
		<hr/>		<hr/>	
		8,257,691		11,736,400	
Creditors: amounts falling due within one year	15	5,681,176		1,717,369	
		<hr/>		<hr/>	
Net current assets			2,576,515		10,019,031
			<hr/>		<hr/>
Total assets less current liabilities			5,711,394		13,082,313
			<hr/>		<hr/>
Provisions for assets/(liabilities)	16		155,108		(40,627)
			<hr/>		<hr/>
			5,866,502		13,041,686
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account	19		5,866,402		13,041,586
			<hr/>		<hr/>
Shareholders' funds	20		5,866,502		13,041,686
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 13 July 2015.

A L Craig

Director

The notes on pages 12 to 23 form part of these financial statements.

Natural Products Limited

Company balance sheet at 25 July 2014

Company number 02722414	Note	25 July 2014 £	25 July 2014 £	31 May 2013 £	31 May 2013 £
Fixed assets					
Intangible assets	10		2,394,654		2,606,006
Tangible assets	11		717,454		447,630
Investments	12		64		64
			<hr/>		<hr/>
			3,112,172		3,053,700
Current assets					
Stocks	13	4,389,168		4,518,288	
Debtors	14	3,699,347		5,705,404	
Cash at bank and in hand		131,734		1,464,961	
		<hr/>		<hr/>	
		8,220,249		11,688,653	
Creditors: amounts falling due within one year	15	5,863,449		1,817,247	
		<hr/>		<hr/>	
Net current assets			2,356,800		9,871,406
			<hr/>		<hr/>
Total assets less current liabilities			5,468,972		12,925,106
			<hr/>		<hr/>
Provisions for assets/(liabilities)	16		155,108		(40,627)
			<hr/>		<hr/>
			5,624,080		12,884,479
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account	19		5,623,980		12,884,379
			<hr/>		<hr/>
Shareholders' funds	20		5,624,080		12,884,479
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 13 July 2015.

A L Craig

Director

The notes on pages 12 to 23 form part of these financial statements.

Natural Products Limited

Consolidated cash flow statement at 25 July 2014

	Note	Period ended 25 July 2014 £	Period ended 25 July 2014 £	Unaudited Year ended 31 May 2013 £	Unaudited Year ended 31 May 2013 £
Net cash inflow from operating activities	23		3,901,646		1,258,147
Returns on investments and servicing of finance					
Interest received		3,260		1,438	
Interest paid		(21)		-	
Net cash inflow from returns on investments and servicing of finance			3,239		1,438
Taxation					
Net UK Corporation tax received/(paid)			37,619		(577,857)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(480,446)		(363,253)	
Equity dividends paid		(4,808,000)		(1,000,000)	
			(5,288,446)		(1,363,253)
Decrease in cash	24		(1,345,942)		(681,525)

The notes on pages 12 to 23 form part of these financial statements.

Natural Products Limited

Notes forming part of the financial statements for the period ended 25 July 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Basis of Consolidation

The consolidated financial statements incorporate the results of Natural Products Limited and all of its subsidiary undertakings as at 25 July 2014 under the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition, which is the date on which control passes.

On 25 July 2014, NPW Bidco (2014) Limited acquired the shares in Natural Products Limited. Inflexion 2010 General Partner Limited, a company incorporated in Guernsey, indirectly owns NPW Bidco (2014) Limited and is therefore the ultimate parent company. As consolidated accounts are not publically available for Inflexion 2010 General Partner Limited or any of the entities in the ownership structure between it and Natural Products Limited, consolidated accounts have been prepared for Natural Products Limited and its subsidiary undertaking for the first time. The results for Natural Products Limited and its subsidiary have previously been included in the consolidated results of NPW TopCo Limited, the previous intermediate parent company. The comparatives in these consolidated financial statements are therefore unaudited. The parent company has taken advantage of the exemption under section 408 of the Companies Act 2006, not to report its own profit and loss account for the period. The parent company's loss after tax for the period was £2,452,399 (31 May 2013: profit £2,875,867).

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Turnover and income recognition

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, and the group is entitled to receive consideration, which is generally on delivery.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	over remaining life of lease
Motor vehicles	-	25% straight line
Fixtures, fittings and equipment	-	20% straight line

Natural Products Limited

Notes forming part of the financial statements for the period ended 25 July 2014 (*continued*)

1 Accounting policies (*continued*)

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Impairment of fixed asset investments

The need for any fixed asset investment impairment write-down is assessed by comparison of the carrying value of the asset against the higher of net realisable value and value in use, if events or changes in circumstances indicate that the carrying value may not be recoverable.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

All necessary provision has been made for any obsolete, deteriorated or unusable stock.

Foreign currency translation

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss accounts.

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rate of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Intangible assets: Goodwill

Goodwill arising on an acquisition of subsidiary undertakings and businesses is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recovered.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Leased assets

All existing leases meet the definition of operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Natural Products Limited

Notes forming part of the financial statements for the period ended 25 July 2014 (continued)

1 Accounting policies (continued)

Equity dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when approved by the shareholders. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Going Concern

During the period, the Group made a loss after tax of £2,364,815 (31 May 2013 – profit of £3,003,211) and the balance sheet shows reduced net assets of £5,866,502 (31 May 2013 - £13,041,686). The directors have considered the basis of preparation of the financial statements and have concluded that it is appropriate to prepare the financial statements on a going concern basis. The group has sufficient funds and forecast cash flows to be able to manage its liabilities as they fall due for a period of not less than 12 months from the approval of the financial statements. The group is funded by a mixture of bank loans and unsecured loan notes. The former falls due for repayment in January 2019 and the latter do not fall due for repayment until July 2019. Interest accruing on the unsecured loan notes is added to the principal loan balance and also does not fall due for repayment until July 2019.

Comparative Period

The current period covers the period from 1 June 2013 to 25 July 2014, the comparative period is the year to 31 May 2013.

Pension Costs

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group. The annual contributions payable are charged to the profit and loss account.

2 Turnover

Analysis of turnover by country of destination

	2014 £	Unaudited 2013 £
UK	10,898,175	10,227,525
US	9,166,315	7,953,459
Other	2,606,736	2,590,273
	<u>22,671,226</u>	<u>20,771,257</u>

3 Employees

	2014 £	Unaudited 2013 £
Staff costs consist of:		
Wages and salaries	4,111,788	2,701,303
Social security costs	463,760	382,171
Other Pension Costs	19,708	-
	<u>4,595,256</u>	<u>3,083,474</u>

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (continued)

3 Employees (continued)	2014 Number	Unaudited 2013 Number
The average number of employees, including directors, during the period was.		
Warehouse	15	17
Other	62	46
Directors	3	3
	<hr/> 80	<hr/> 66
4 Directors	2014 £	Unaudited 2013 £
Remuneration for qualifying services	<hr/> 646,071	<hr/> 406,276
The emoluments of the highest paid director are £285,607 (2013 - £112,731). Pension contributions payable to the directors included in the remuneration above amounts to £5,690 (2013 – nil).		
5 Operating (loss)/profit	2014 £	Unaudited 2013 £
This has been arrived at after charging:		
Amortisation of intangible assets	211,352	187,536
Depreciation of tangible assets	175,030	97,316
Loss on disposal of tangible assets	22,467	-
Gain on foreign exchange transactions	151,517	(24,073)
Auditors' remuneration		
- fees payable to the group's auditors for the audit of the group's annual accounts	101,788	49,958
- tax services	5,646	11,920
Hire of other assets - operating leases	312,011	270,825
Exceptional items	<hr/> 2,006,006	<hr/> 194,536
Exceptional items relate to the write off of certain lines of stock to their net realisable value.		
6 Interest payable and similar charges	2014 £	Unaudited 2013 £
Other interest	<hr/> 21	<hr/> -

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 *(continued)*

7 Interest receivable and similar income	2014 £	Unaudited 2013 £
Bank interest	2,204	1,367
Other interest	1,056	71
	<u>3,260</u>	<u>1,438</u>
8 Taxation on profit from ordinary activities	2014 £	Unaudited 2013 £
<i>Current tax</i>		
UK corporation tax on (losses)/profits of the year	-	341,794
Foreign tax	73,480	
Over provision in prior period	(166,164)	(96,430)
	<u>(92,684)</u>	<u>245,364</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences (note 16)	(190,001)	15,200
Over provision in prior year (note 16)	(5,733)	11,556
	<u>(195,734)</u>	<u>26,756</u>
Taxation on (loss)/profit on ordinary activities	<u>(288,418)</u>	<u>272,120</u>

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	Unaudited 2013 £
(Loss)/profit on ordinary activities before tax	(2,653,233)	3,275,331
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 22.52% (2013 - 23.83%)	(597,630)	780,511
Effects of:		
Non deductible expenses	55,583	111,673
Losses carried back /(brought back)	366,310	-
Foreign tax	33,741	-
Depreciation less than of capital allowances	(54,354)	(16,972)
Unrelieved tax losses carried forward	269,830	-
Group relief claimed	-	(533,418)
Adjustment to prior year tax charge	(166,164)	(96,430)
Current tax charge for year	<u>(92,684)</u>	<u>245,364</u>

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (*continued*)

9 Dividends

The directors recommended the payment of an interim dividend of £4,808,000 (31 May 2013 - £1,000,000) during the year. The directors do not recommend the payment of a final dividend.

10 Intangible assets

Group	Goodwill
<i>Cost</i>	£
At 1 June 2013 (unaudited) and 25 July 2014	3,735,000
<i>Amortisation</i>	
At 1 June 2013 (unaudited)	1,128,994
Charge for the year	211,352
At 25 July 2014	1,340,346
<i>Net book value</i>	
At 25 July 2014	2,394,654
At 31 May 2013 (unaudited)	2,606,006
Company	Goodwill
<i>Cost</i>	£
At 1 June 2013 and 25 July 2014	3,735,000
<i>Amortisation</i>	
At 1 June 2013	1,128,994
Charge for the year	211,352
At 25 July 2014	1,340,346
<i>Net book value</i>	
At 25 July 2014	2,394,654
At 31 May 2013	2,606,006

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (*continued*)

11 Tangible assets

Group	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 June 2013(unaudited)	325,081	31,362	524,671	881,114
Additions	-	-	480,446	480,446
Disposals	(239,614)	(31,362)	(3,072)	(274,048)
At 25 July 2014	85,467	-	1,002,045	1,087,512
<i>Depreciation</i>				
At 1 June 2013(unaudited)	265,266	9,750	148,822	423,838
Charge for the year	12,255	4,182	158,593	175,030
Disposals	(235,614)	(13,932)	(2,035)	(251,581)
At 25 July 2014	41,907	-	305,380	347,287
<i>Net book value</i>				
At 25 July 2014	43,560	-	696,665	740,225
At 31 May 2013(unaudited)	59,815	21,612	375,849	457,276
Company	Leasehold improvements £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 1 June 2013	325,081	31,362	515,004	871,447
Additions	-	-	463,405	463,405
Disposals	(239,614)	(31,362)	(3,072)	(274,048)
At 25 July 2014	85,467	-	975,337	1,060,804
<i>Depreciation</i>				
At 1 June 2013	265,266	9,750	148,801	423,817
Charge for the year	12,255	4,182	154,677	171,114
Disposals	(235,614)	(13,932)	(2,035)	(251,581)
At 25 July 2014	41,907	-	301,443	343,350
<i>Net book value</i>				
At 25 July 2014	43,560	-	673,894	717,454
At 31 May 2013	59,815	21,612	366,203	447,630

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (continued)

12 Investments

Company	Subsidiary undertakings £
Cost	
At 1 June 2013 and 25 July 2014	64

The investment in subsidiary undertaking represents the entire voting share capital of NPW-USA, Inc., a company incorporated in the USA, trading as a sales establishment.

13 Stocks

	2014 £	Unaudited 2013 £
Finished goods and goods for resale	4,389,168	4,518,288

There is no material difference between the replacement cost of stocks and the amounts stated above.

14 Debtors

	Group 2014 £	Unaudited Group 2013 £	Company 2014 £	Company 2013 £
Trade debtors	2,316,042	2,172,913	2,316,042	2,172,485
Other debtors	1,660	61,420	1,660	31,951
Prepayments and accrued income	1,089,259	339,742	1,083,688	331,540
Corporation Tax Debtor	332,895	277,833	297,957	277,833
Amounts due from Group companies	-	2,891,595	-	2,891,595
	<u>3,739,856</u>	<u>5,743,503</u>	<u>3,699,347</u>	<u>5,705,404</u>
Amounts falling due after more than one year				
Amounts falling due from group companies			-	2,891,595

15 Creditors: amounts falling due within one year

	Group 2014 £	Unaudited Group 2013 £	Company 2014 £	Company 2013 £
Trade creditors	2,701,699	1,302,940	2,690,782	1,282,967
Other taxation and social security costs	194,266	86,170	152,724	83,750
Accruals and deferred income	1,453,676	327,054	1,271,196	284,072
Amounts due to Group companies	-	1,205	417,213	166,458
Amounts due to related parties	1,331,535	-	1,331,535	-
	<u>5,681,176</u>	<u>1,717,369</u>	<u>5,863,449</u>	<u>1,817,247</u>

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (continued)

16 Provisions for assets/(liabilities)

	Group Deferred taxation £	Company Deferred taxation £
At 1 June 2013 (unaudited)	(40,627)	(40,627)
Profit and loss account (note 8)	195,735	195,735
Balance at 25 July 2014	155,108	155,108

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	Group and Company 2014 £	Group and Company 2013 £
Accelerated capital allowances	(83,321)	(40,627)
Short term timing differences	1,166	-
Tax losses carried forward	237,263	-
Asset/(provision) carried forward	155,108	(40,627)

17 Contingent liabilities

An unlimited composite cross guarantee between all group companies has been given to the group's principal bankers. At 25 July 2014 borrowings held by NPW BidCo (2014) Limited in respect of this guarantee amounted to £7,575,000.

18 Share capital

	2014 Number	Unaudited 2013 Number	Allotted, called up and fully paid 2014 £	Unaudited 2013 £
Ordinary shares of £1 each	100	100	100	100

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (continued)

19 Statement of movements on profit and loss account

Group	Profit and loss Account £
At 1 June 2013 (unaudited)	13,041,586
Loss for the year	(2,364,815)
Dividends paid (note 9)	(4,808,000)
Foreign exchange movements	(2,369)
	<hr/>
At 25 July 2014	5,866,402
	<hr/>
Company	Profit and loss Account £
At 1 June 2013	12,884,379
Loss for the year	(2,452,399)
Dividends paid (note 9)	(4,808,000)
	<hr/>
At 25 July 2014	5,623,980
	<hr/>

20 Reconciliation of movements in shareholders' funds

	Group 2014 £	Unaudited Group 2013 £	Company 2014 £	Company 2013 £
(Loss)/Profit for the year	(2,364,815)	3,003,211	(2,452,399)	2,875,867
Dividends paid (note 9)	(4,808,000)	(1,000,000)	(4,808,000)	(1,000,000)
Exchange translation differences on consolidation	(2,369)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in shareholders' funds	(7,175,184)	2,003,211	(7,260,399)	1,875,867
Opening shareholders' funds	13,041,686	11,038,475	12,884,479	11,008,612
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	5,866,502	13,041,686	5,624,080	12,884,479
	<hr/>	<hr/>	<hr/>	<hr/>

Natural Products Limited

Notes forming part of the financial statements for the period ended 25 July 2014 (continued)

21 Commitments under operating leases

As at 25 July 2014, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £	Unaudited Land and buildings 2013 £
Operating leases which expire:		
In one year	66,858	-
In two to five years	225,336	200,000

22 Related party transactions

M S Sweeney, a director of the group during the period, is a 50% shareholder in Worldwide Co, a non-incorporated business in the UK which owns the trading premises occupied by the company during the period. Rent was charged to the company by Worldwide Co during the period of £233,333 (2013 - £200,000). The amount due to Worldwide Co at the period end was £Nil (2013 - £Nil).

S R Russell, a director of the group during the year, is a 50% shareholder in The Redcar Brook Company an incorporated business in the UK which supplied consultancy services to the company during the period. Consultancy fees and expenses were charged to the company by The Redcar Brook Company during the period of £170,629. The amount due to The Redcar Brook Company at the period end was £48,625.

The company is exempt from the requirement of FRS8 to disclose transactions with other members of the group as headed by NPW TopCo (2014) Limited.

During the period, NPW TopCo (2014) Limited indirectly purchased 100% of the shares held of Natural Products Limited from NPW Bidco Limited which was owned 100% indirectly by NPW TopCo Limited (Natural Products Limited's previous ultimate parent company). As a consequence, balances due to/from wholly owned subsidiaries owned by NPW TopCo Limited have been disclosed as amounts owed by/to related parties with comparative figures disclosed as amounts owed by/to group undertakings. The group has therefore taken advantage of the exemptions under FRS 8, not to disclose transactions with other wholly owned subsidiaries of NPW TopCo (2014) Limited, which occurred during the period ended 25 July 2014 nor balances which existed at the balance sheet date. The group has also taken advantage of the exemptions under FRS 8 not to disclose transactions with other wholly owned subsidiaries of NPW TopCo Limited during the year ended 31 May 2013 nor balances which existed at 31 May 2013.

During the period ended 25 July 2014, an amount of £197,520 was paid to NPW BidCo Limited for the provision of management services during the period. As at 25 July 2014, the following balances were due from the group:

NPW TopCo Limited £676, NPW MidCo Limited £72,266 and NPW BidCo Limited £1,258,592.

Natural Products Limited

Notes forming part of the financial statements
for the period ended 25 July 2014 (*continued*)

23 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	Period ended 25 July 2014	Unaudited Year ended 31 May 2013
	£	£
Operating (loss)/profit	(2,656,472)	3,273,893
Depreciation	175,030	97,714
Amortisation	211,352	187,536
Loss on disposal of fixed assets	22,467	-
Decrease/(increase) in stock	129,120	(1,731,333)
(Increase)/decrease in debtors	(835,254)	(97,704)
Increase in creditors	2,633,479	729,878
Decrease/(increase) in amounts due from group undertakings	4,221,924	(1,201,837)
	<u>3,901,646</u>	<u>1,258,147</u>
Net cash inflow/(outflow) from operating activities	<u>3,901,646</u>	<u>1,258,147</u>

24 Reconciliation of net cash outflow to movement in net funds

	Period ended 25 July 2014	Unaudited Year ended 31 May 2013
	£	£
Opening net funds	1,474,609	2,156,134
Decrease in cash	<u>(1,345,942)</u>	<u>(681,525)</u>
Closing net funds	<u>128,667</u>	<u>1,474,609</u>

25 Ultimate parent company

The group's immediate parent company was NPW BidCo Limited and the groups ultimate parent company was NPW TopCo Limited, a company incorporated in the United Kingdom. On 25 July 2014, NPW BidCo (2014) Limited, a company incorporated in the United Kingdom, purchased 100% of the shares of Natural Products Limited, and therefore became the immediate parent company with the ultimate parent company being NPW TopCo (2014) Limited, which is the parent of the largest group of which the company is a member.