

Holland & Barrett Retail Limited

Annual report and financial statements  
for the year ended 30 September 2013

Company registration number: 2758955

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# Holland & Barrett Retail Limited

## Annual report and financial statements for the year ended 30 September 2013

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# **Holland & Barrett Retail Limited**

## **Directors and advisors**

### **Directors**

P. Aldis  
R. Craddock  
L. Hardy  
H. Kamil  
C. Keen  
M. Kendrick

### **Company secretary**

R. Craddock

### **Registered office**

Samuel Ryder House  
Barling Way  
Eliot Park  
Nuneaton  
Warwickshire  
CV10 7RH

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# **Holland & Barrett Retail Limited**

## **Strategic report for the year ended 30 September 2013**

The directors present their strategic report on the Company for the year ended 30 September 2013.

### **Principal activities**

As part of NBTY Europe group of companies ("the Group"), Holland & Barrett Retail Limited ("the Company") operates 664 health stores in the UK and 72 worldwide franchise outlets. Vitamin World UK Limited, a fellow group company, operates the Holland & Barrett website.

The group also operates the Holland & Barrett brand in Ireland with 47 stores and a retail website; the GNC brand in the UK with 57 stores and retail website, De Tuinen in Holland with 120 stores and retail website; and the newly acquired Essenza business with 13 stores in Belgium. In total the group operated 980 stores including 79 international franchises as at 30 September 2013.

The group operates a packaging plant in Burton upon Trent and distributions sites in Burton upon Trent and Beverwijk in Holland. This ensures security of supply and maintains margin on Own Label sales.

In total the group employs nearly 6000 associates across Europe.

The NBTY Europe group of companies do not prepare consolidated accounts, however had the results been consolidated turnover in the year to 30 September 2013 would have been up 7% to £474,794,000 (2012: £443,769,000).

Holland & Barrett Retail Limited package, market, retail, and wholesale a broad line of nutritional supplement products, including vitamins, minerals and herbal remedies, sports powders and drinks, as well as health food products which range from chilled and frozen tofruits, nuts, snacks and other items.

To meet the increased need for governance, and to continue to drive growth, the Board has been strengthened with the appointment of a Chief Marketing Officer, Lysa Hardy and Chief Finance Officer, Christian Keen. The group will continue to seek high calibre individuals to lead the organisation on its next phase of growth.

### **Business review and results**

The results of the Company show profit on ordinary activities before taxation of £84,309,000 (2012: £74,421,000) for the year and sales of £349,637,000 (2012: £335,286,000).

In the year to 30 September 2013 the company opened a further 7 new stores and 42 new franchises helping to grow the store network by 5.6%. The group opened 42 new stores and 42 new franchises highlighting the successful globalisation of the Holland & Barrett model.

Both the activity in the year and the year end financial position of the Company are extremely strong despite the difficult economic trading conditions currently being experienced within the retail sector.

### **Business environment**

The health store market is highly fragmented. There are estimated to be more than 1,000 independent health stores operating in the UK. Furthermore, there is increasing competition from the national supermarket chains and other retailers, such as chemists, drugstores and internet traders. The Company has differentiated itself from its mass market competitors by developing a specialist reputation, whilst at the same time offering high quality products at a low, value price.

# Holland & Barrett Retail Limited

## Strategic report for the year ended 30 September 2013 (continued)

### Strategy

The Company is consistently delivering on its overriding objective which is to achieve attractive and sustainable rates of growth and returns through a combination of strategic acquisition and organic growth.

The key elements to the Company's strategy for growth are:

- Our associates

The Calibre and training of our associates is paramount to the success of the Holland & Barrett model. The company invests heavily in its Natural Health Academy, which delivers the most comprehensive and well developed product training programmes within the industry. This ensures that staff are able to offer the best possible customer service.

- New products

The Company has consistently been among the first in the industry to introduce innovative products in response to new studies, research and consumer preferences. Given the changing nature of consumer demand for new products and the continued publicity about the importance of nutritional supplements, the directors believe that the Company will continue to maintain its core customer base and attract new customers through its ability to respond rapidly to consumer demand. The wide range of products ensures that we continue to address the broad church of customers that are seeking a Healthy lifestyle.

- Acquisition

The Company continues its strategy of selectively expanding the number of stores located throughout the UK. The Company operates franchises in 7 countries and is continuing to open up new territories.

- Promotions and marketing

The Company runs regular promotional activity to give greater value to our customers. In conjunction with this, there is aggressive marketing of high quality, value-oriented products. The company also operates a "rewards for Life" loyalty program with over 8.5m customers signed up and over 3.5m activated users. The program enables us to better service the Customers' needs as well as deliver additional value to them by way of quarterly coupons.

- Technology

The Company is continuing to invest in new technologies to make it a truly Omni channel business. The roll out of the company's new till and web platforms is expected to be completed in May 2014, enabling the Company to leverage this investment in 2014.

As a result, the directors remain confident that the current level of performance will be maintained or improved in the future.

### Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

# Holland & Barrett Retail Limited

## Strategic report for the year ended 30 September 2013 (continued)

The key business risks affecting the Company are set out below:

- Associates

The Company's performance is highly dependent upon retaining and recruiting high calibre associates. The resignation of key individuals and the inability to recruit retail staff with the necessary experience and skills could adversely impact upon the Company's results. To mitigate these issues, the Company has implemented incentive schemes designed to retain key individuals and has created a training academy for the development of its retail staff.

- Legislation

The industry and the products sold by the Company are increasingly subject to regulation, much of which applies throughout the European Union. The Company devotes considerable resources to campaigning in respect of proposed legislative changes, ensuring that products are safe and consumer choices are preserved. The Company also ensures that it is at the forefront of the industry when new legislation is introduced.

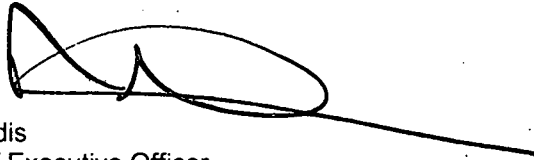
- Competition

The Company operates in a highly competitive market, particularly in respect of price. In order to mitigate this, market prices are monitored on an on-going basis and regular promotional activity is undertaken. There is also a continual evaluation of product range and space management.

### Key performance indicators

Management consider a broad range of retail metrics when operating the business. However the key performance measure is the operating profit and revenue of the Company. These are shown on the face of the profit and loss account on page 10.

Approved by the Board of Directors and signed on behalf of the Board.



P. Aldis  
Chief Executive Officer  
20<sup>th</sup> May 2014

# Holland & Barrett Retail Limited

## Directors' report for the year ended 30 September 2013

The directors present their report and the audited financial statements of the Company for the year ended 30 September 2013.

### Future developments

The objective of the Company's management team is to continue to produce market leading performance within the brand, through expansion in the UK store estate; development of the H&B brand online (reported in Vitamin World UK Limited's accounts), and the further development of international markets through franchising. The Company continues to upgrade its technology by replacing its EPOS systems, developing a new Web system; and improving the supply chain. These projects are scheduled to be rolled out by May 2014 and will form a platform for further developments.

### Financial risk management

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The main financial risk arises from currency and interest bearing loans.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

### Dividends

Dividends of £8,500,000 (2012: £nil) equating to £8.10 (2012: £nil) per ordinary share were paid during the year.

### Directors

The directors who held office during the year and up to the date of signing of the financial statements, unless otherwise stated, were as follows:

P. Aldis	C. Keen (appointed 1 January 2013)
R. Craddock	M. Kendrick
L. Hardy (appointed 1 October 2012)	M. Moran (resigned 31 December 2012)
H. Kamil	B. Vickers (resigned 30 June 2013)

### Political and charitable donations

The Company made charitable donations to UK based organisations of £3,600 (2012: £35,540). Charitable donations made in prior year were predominantly to associations and charities involved with distributing health care in the developing world. No political contributions were made during the year (2012: £nil).

# Holland & Barrett Retail Limited

## Directors' report for the year ended 30 September 2013 (continued)

### Employees

The Company has developed and maintained arrangements whereby employees are consulted and provided with information about current activities and progress within the group and with training to improve the operational efficiency of the Company.

The Company supports the employment of disabled people wherever possible, through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion, having regard to their particular aptitudes and abilities.

It is Company policy to provide equal opportunities without regard to race or national origin, sex or sexual orientation, religion or religious beliefs or disability status.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the in-house newspaper and newsletters, briefing groups and the distribution of the annual report.

**Company registration number:** 2758955

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# Holland & Barrett Retail Limited

## Directors' report for the year ended 30 September 2013 (continued)

### Statement of disclosure of information to auditors

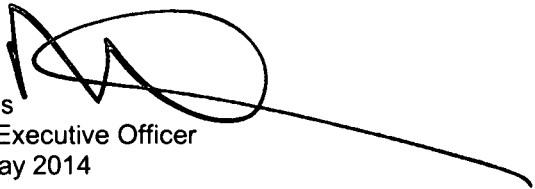
In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the Directors' Report is approved:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he /she has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

  
P. Aldis  
Chief Executive Officer  
20<sup>th</sup> May 2014

# **Independent auditors' report to the members of Holland & Barrett Retail Limited**

## **Report on the financial statements**

### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

### **What we have audited**

The financial statements, which are prepared by Holland & Barrett Retail Limited, comprise:

- the balance sheet as at 30 September 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual report and financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

## **Independent auditors' report to the members of Holland & Barrett Retail Limited (continued)**

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

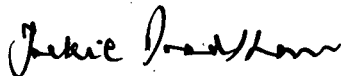
### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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



Jackie Bradshaw (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands

28 May 2014

# Holland & Barrett Retail Limited

## Profit and loss account for the year ended 30 September 2013

		2013	2012
	Note	£'000	£'000
<b>Turnover</b>		<b>349,637</b>	335,286
Cost of sales		(134,165)	(133,085)
<b>Gross profit</b>		<b>215,472</b>	202,201
Net operating expenses	2	(135,988)	(128,372)
<b>Operating profit</b>	3	<b>79,484</b>	73,829
Interest receivable and similar income	5	5,040	805
Interest payable and similar charges	6	(215)	(213)
<b>Profit on ordinary activities before taxation</b>		<b>84,309</b>	74,421
Tax on profit on ordinary activities	8	(18,038)	(15,486)
<b>Profit for the financial year</b>	19	<b>66,271</b>	58,935

All activity derives from continuing operations.

The Company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years and their historical cost equivalents.

# Holland & Barrett Retail Limited

## Balance sheet as at 30 September 2013

	Note	2013 £'000	2012 £'000
<b>Fixed assets</b>			
Intangible assets	10	410	443
Tangible assets	11	64,770	59,268
Investments	12	-	-
		<b>65,180</b>	<b>59,711</b>
<b>Current assets</b>			
Stocks	13	63,101	59,093
Debtors	14	556,472	468,276
Cash at bank and in hand		15,405	29,945
		<b>634,978</b>	<b>557,314</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(441,360)</b>	<b>(422,101)</b>
<b>Net current assets</b>		<b>193,618</b>	<b>135,213</b>
<b>Total assets less current liabilities</b>		<b>258,798</b>	<b>194,924</b>
<b>Creditors: amounts falling due after more than one year</b>	16	<b>(6,300)</b>	<b>-</b>
<b>Provisions for liabilities</b>	17	<b>(634)</b>	<b>(831)</b>
<b>Net assets</b>		<b>251,864</b>	<b>194,093</b>
<b>Capital and reserves</b>			
Called up share capital	18	1,050	1,050
Profit and loss account	19	250,814	193,043
<b>Total shareholders' funds</b>	20	<b>251,864</b>	<b>194,093</b>

These financial statements on pages 10 to 26 were approved by the Board of Directors on 20<sup>th</sup> May 2014.

Signed on behalf of the Board of Directors

C. Keen  
Chief Financial Officer  
20<sup>th</sup> May 2014



# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### Accounting convention

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards.

In accordance with Section 401 of the Companies Act 2006, the Company has not prepared group financial statements since it is a wholly owned subsidiary of a larger group. Consolidated financial statements are prepared by NBTY, Inc., a company incorporated in the United States of America.

The Company is exempt from producing a cash flow statement as required by FRS 1 (Revised 1996) 'Cash Flow Statements' as it is a wholly owned subsidiary undertaking within the context of paragraph 5(a) of the standard. A consolidated group cash flow statement is presented in the financial statements of NBTY, Inc., which are publically available.

#### Turnover

Turnover represents sales to external customers at invoiced amounts less Value Added Tax or local taxes and discounts and is attributable to the principal activity of the Company. Turnover is recognised at the point of sale or despatch of the goods. All turnover originates from United Kingdom operations, and consists solely of the retailing of health food products in the United Kingdom.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Cost includes the original purchase price of the asset and the cost attributed to bringing the asset to its working condition for its intended use. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Fixtures, fittings and equipment	10 - 20% on a straight line basis
Freehold buildings	4% on a straight line basis

Freehold land is not depreciated. Finance costs directly attributable to the construction of fixed assets are capitalised as part of the cost of those assets.

Assets in the course of construction are stated at cost and are not depreciated until they are ready for use.

#### Goodwill

Goodwill relates to the excess of the purchase price over the fair value of the net assets of the business acquired. Goodwill is capitalised as an intangible fixed asset and amortised on a straight line basis over its estimated useful economic life. For acquisitions to date this has been determined at a range between 10 and 20 years, which the directors consider to be an appropriate useful economic life.

# **Holland & Barrett Retail Limited**

## **Notes to the financial statements for the year ended 30 September 2013 (continued)**

### **1 Accounting policies (continued)**

#### **Impairment of stores**

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount in accordance with Financial Reporting Standard 11 'Impairment of Fixed Assets and Goodwill'. When stores are not considered to be profitable in the foreseeable future, the property values are written down to the recoverable amount (which is the higher of an asset's fair value less costs to sell and value in use) and if necessary an onerous lease provision is recognised in accordance with Financial Reporting Standard 12 'Provisions, Contingent Liabilities and Contingent Assets'.

#### **Leases**

The rental costs of properties and other assets acquired under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Benefits received as an incentive to sign a lease, whatever form they take, are credited to the profit and loss account on a straight line basis over the life of the lease or, if shorter than the full lease term, over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate. The corresponding liability is held within deferred income on the balance sheet.

#### **Investments**

Investments held as fixed assets are stated at cost less any provision for impairment.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. In determining the cost a FIFO (first in first out) valuation is used. Provision is made for obsolete, slow moving or defective items.

#### **Other operating income**

Other operating income comprises supplier promotional income in the year to which it relates.

#### **Taxation**

The tax charge is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items which are never taxable or deductible. The company's liability for current tax is calculated using average tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 1 Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate.

#### Pensions

The NBTY Europe Limited group operates its own defined contribution pension scheme, which is administered by an independent insurance company. Contributions paid into the scheme are expensed to the profit and loss account.

#### Related party transactions

By virtue of the company being a wholly owned subsidiary included in the financial statements of a larger group, whose financial statements are publicly available, the company is exempt under Financial Reporting Standard 8 'Related party disclosures' from disclosing transactions or balances with other wholly owned entities which are part of the group that qualify as related parties.

### 2 Net operating expenses

	2013	2012
	£'000	£'000
Selling and distribution costs	125,985	115,244
Administrative expenses	18,899	19,345
Other operating income	(8,896)	(6,217)
	135,988	128,372



# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 3 Operating profit

Operating profit is stated after charging/(crediting):	2013	2012
	£'000	£'000
Depreciation of tangible fixed assets	6,851	6,457
Amortisation of purchased goodwill	33	34
Services provided by the Company's auditors:		
- Fees payable for the audit of the Company	82	82
- Fees payable for the audit of the Company's associates pursuant to legislation	14	14
- Fees payable for other services - taxation	47	-
Loss on disposal of fixed assets	83	35
Foreign exchange losses and (gains)	827	(225)
Operating lease rentals:		
- Plant and Machinery	1,691	1,701
- Other	39,334	37,856

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 4 Staff numbers and costs

The average monthly number of persons employed, including executive directors, by the Company during the year, analysed by category, was as follows:

	2013	2012
	Number	Number
Administration	293	280
Retail	3,602	3,408
Distribution	325	347
	4,220	4,035

The aggregate payroll costs of these persons were as follows:

	2013	2012
	£'000	£'000
Wages and salaries	47,585	44,638
Social security costs	3,489	3,599
Share option charge	138	116
Other pension costs	435	352
	51,647	48,705

### 5 Interest receivable and similar income

	2013	2012
	£'000	£'000
Bank interest	159	383
Interest receivable from group undertakings	4,880	403
Other	1	19
	5,040	805

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 6 Interest payable and similar charges

	2013	2012
	£'000	£'000
Interest payable to group undertakings	201	185
Other	14	28
	215	213

### 7 Directors' emoluments

The aggregate emoluments of the directors were:

	2013	2012
	£'000	£'000
Aggregate emoluments	2,142	1,695
Other pension costs	134	120
	2,276	1,815

The aggregate emoluments of the highest paid director were £607,108 (2012: £572,892) which includes £nil (2012: £nil) relating to the cost of the share option scheme. In addition, pension contributions of £55,829 (2012: £39,026) were made by the Company.

As at 30 September 2013 retirement benefits were accruing to four (2012: four) directors under the group's defined contribution pension scheme. During the year no (2012: no) directors exercised share options in NBTY, Inc.

The remuneration of H. Kamil is borne by NBTY, Inc.

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 8 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	2013	2012
	£'000	£'000
<b>Current tax:</b>		
UK corporation tax charge at 23.5% (2012: 25%) based on profit for the year	18,338	15,614
Group relief paid for	-	494
Adjustment in respect of prior years	(103)	(827)
Current tax charge for the year	18,235	15,281
<b>Deferred taxation</b>		
Origination and reversal of timing differences	110	297
Effect of rate change	(79)	(47)
Adjustment in respect of prior years	(228)	(45)
Deferred tax for the year	(197)	205
<b>Total tax charge for the year</b>	<b>18,038</b>	<b>15,486</b>

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 8 Tax on profit on ordinary activities (continued)

The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.5% (2012: 25%).

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2013	2012
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>84,309</b>	<b>74,421</b>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax for the year of 23.5% (2012: 25%)	<b>19,812</b>	<b>18,605</b>
<b>Effects of:</b>		
Disallowable expenses	<b>603</b>	<b>917</b>
Accelerated capital allowances	<b>(103)</b>	<b>(293)</b>
Short term timing differences	<b>(26)</b>	<b>(29)</b>
Transfer pricing adjustments	<b>(10)</b>	<b>109</b>
Group relief not paid for	<b>(1,938)</b>	<b>(3,695)</b>
Group relief paid for	<b>-</b>	<b>494</b>
Adjustment in respect of prior years	<b>(103)</b>	<b>(827)</b>
<b>Current tax charge for the year</b>	<b>18,235</b>	<b>15,281</b>

#### Factors affecting current and future tax charges

The Finance Act 2012 was enacted in July 2012 and included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013. The current tax rate for the period is therefore 23.5%.

The Finance Act 2013 was enacted in July 2013 and included legislation to further reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The 20% rate has been used as the basis for the calculation of the deferred tax position as at 30 September 2013, being the rate that was substantively enacted at the balance sheet date.

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 9 Dividends

	2013	2012
	£'000	£'000
Dividends paid of £8.10 (2012: £nil) per ordinary share	8,500	-

### 10 Intangible assets

	Purchased goodwill
	£'000
<b>Cost</b>	
At 1 October 2012 and 30 September 2013	668
<b>Accumulated amortisation</b>	
At 1 October 2012	225
Charged in the year	33
<b>At 30 September 2013</b>	<b>258</b>
<b>Net book value</b>	
<b>At 30 September 2013</b>	<b>410</b>
At 30 September 2012	443

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 11 Tangible assets

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 October 2012	29,705	60,900	90,605
Additions	-	12,461	12,461
Disposals	-	(754)	(754)
Transfers to other group companies	-	(117)	(117)
<b>At 30 September 2013</b>	<b>29,705</b>	<b>72,490</b>	<b>102,195</b>
<b>Accumulated depreciation</b>			
At 1 October 2012	6,045	25,292	31,337
Charged in the year	981	5,870	6,851
Disposals	-	(672)	(672)
Transfers to other group companies	-	(91)	(91)
<b>At 30 September 2013</b>	<b>7,026</b>	<b>30,399</b>	<b>37,425</b>
<b>Net book value</b>			
<b>At 30 September 2013</b>	<b>22,679</b>	<b>42,091</b>	<b>64,770</b>
At 30 September 2012	23,660	35,608	59,268

Included within freehold land and buildings is land of £5,779,000 (2012: £5,779,000) which is not subject to depreciation.

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 12 Investments

	Share in group undertakings
	£'000
<b>Cost and net book value</b>	
At 1 October 2012 and 30 September 2013	-

The Company has investments in a number of dormant subsidiaries, all of which are registered in England and Wales. Further information has not been provided in respect of these investments as their results and financial position do not significantly affect the figures shown in the financial statements.

### 13 Stocks

	2013	2012
	£'000	£'000
Raw materials	8,024	8,167
Finished goods held for resale	55,077	50,926
	63,101	59,093

There is no material difference between the balance sheet value of stocks and their replacement cost.

### 14 Debtors

	2013	2012
	£'000	£'000
<b>Amounts falling due within one year:</b>		
Trade debtors	780	906
Amounts owed by group undertakings	531,552	444,182
Prepayments and accrued income	24,140	23,188
	556,472	468,276

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed by US Nutrition Limited, De Tuinen B.V. and Vita Health Products Inc of £22,502,000 (2012: £nil) are charged interest at commercial rates, whilst no interest is charged to other group companies.



# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 15 Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	35,006	34,857
Amounts owed to group undertakings	369,570	351,788
Other taxation and social security	5,463	4,415
Corporation tax payable	8,827	6,689
Other creditors	1,819	1,851
Accruals and deferred income	20,675	22,501
	<b>441,360</b>	<b>422,101</b>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed to Health & Diet Centres Limited, Nature's Way Limited, Precision Engineered Limited and Nutrition Warehouse Limited of £20,836,000 (2012: £19,287,000) are charged interest at commercial rates, whilst no interest is charged by other group undertakings.

Outstanding pension contributions at the balance sheet date were £83,000 (2012: £nil).

### 16 Creditors: amounts falling due after more than one year

	2013	2012
	£'000	£'000
Amounts owed to group undertakings	6,300	-

Amounts owed to group undertakings are unsecured and have no fixed date of repayment. Interest is charged on the above amount owed to Precision Engineered Limited at a commercial rate.

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 17 Provisions for liabilities

Deferred taxation	£'000
At 1 October 2012	831
(Credit) to the profit and loss account (note 8)	(197)
<b>At 30 September 2013</b>	<b>634</b>

The provision for deferred taxation consists of the following amounts:

	2013	2012
	£'000	£'000
Accelerated capital allowances	768	971
Other short-term differences	(134)	(140)
	<b>634</b>	<b>831</b>

There is no unprovided deferred taxation (2012: £nil).

### 18 Called up share capital

	2013	2012
	£'000	£'000
<b>Allotted and fully paid:</b>		
1,050,000 (2012: 1,050,000) ordinary shares of £1 each	<b>1,050</b>	<b>1,050</b>

### 19 Profit and loss account

	£'000
At 1 October 2012	193,043
Profit for the financial year	66,271
Dividends (note 9)	(8,500)
Equity settled share based payments	138
Recharge from ultimate parent undertaking in respect of share based payments	(138)
<b>At 30 September 2013</b>	<b>250,814</b>

# Holland & Barrett Retail Limited

## Notes to the financial statements for the year ended 30 September 2013 (continued)

### 20 Reconciliation of movements in total shareholders' funds

	2013	2012
	£'000	£'000
Profit for the financial year	66,271	58,935
Dividends (note 9)	(8,500)	-
Equity settled share based payments	138	116
Recharge from ultimate parent undertaking in respect of share based payments	(138)	(116)
<b>Net addition to shareholders' funds</b>	<b>57,771</b>	<b>58,935</b>
Opening total shareholders' funds	194,093	135,158
<b>Closing total shareholders' funds</b>	<b>251,864</b>	<b>194,093</b>

### 21 Commitments under operating leases

Annual commitments under non-cancellable operating leases are:

	2013	2013	2012	2012
	Land and Buildings	Others	Land and Buildings	Others
	£'000	£'000	£'000	£'000
Commitments which expire:				
Within one year	617	53	601	104
Within two to five years	11,341	1,186	8,352	1,569
After five years	26,229	-	26,700	-
	<b>38,187</b>	<b>1,239</b>	<b>35,653</b>	<b>1,673</b>

### 22 Capital commitments

	2013	2012
	£'000	£'000
Capital expenditure contracted but not provided	1,897	5,155

## **Holland & Barrett Retail Limited**

### **Notes to the financial statements for the year ended 30 September 2013 (continued)**

#### **23 Related party transactions**

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with other wholly owned companies in the NBTY, Inc. group.

#### **24 Immediate and ultimate parent undertaking and controlling party**

The Company's immediate parent undertaking is Holland & Barrett Holdings Limited, a company incorporated in England and Wales.

The Company's ultimate parent undertaking and controlling party is The Carlyle Group, a company incorporated in the United States of America.

The largest and only group in which the results of the Company are consolidated is that headed by NBTY, Inc.

Copies of NBTY, Inc.'s consolidated financial statements may be obtained from NBTY, Inc., 2100 Smithtown Avenue, Ronkonkoma, New York 11779.