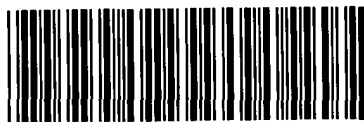


The Organic Pharmacy Limited
Registered number: 04022675

Directors' report and financial statements

For the year ended 31 December 2018



The Organic Pharmacy Limited
Registered number:04022675

Balance sheet
As at 31 December 2018

	Note	2018 £	Restated 2017 £
Fixed assets			
Tangible assets	5	179,598	150,535
		<u>179,598</u>	<u>150,535</u>
Current assets			
Stocks		927,999	786,438
Debtors: amounts falling due within one year	6	1,607,835	1,916,487
Cash at bank and in hand	7	877,247	980,101
		<u>3,413,081</u>	<u>3,683,026</u>
Creditors: amounts falling due within one year	8	(772,384)	(1,424,923)
Net current assets		<u>2,640,697</u>	<u>2,258,103</u>
Total assets less current liabilities		<u>2,820,295</u>	<u>2,408,638</u>
Creditors: amounts falling due after more than one year		-	(378,750)
Net assets		<u><u>2,820,295</u></u>	<u><u>2,029,888</u></u>
Capital and reserves			
Called up share capital		70,000	70,000
Profit and loss account		2,750,295	1,959,888
		<u><u>2,820,295</u></u>	<u><u>2,029,888</u></u>

The Organic Pharmacy Limited
Registered number:04022675

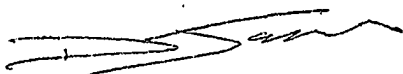
Balance sheet (continued)
As at 31 December 2018

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
D White
Director

Date: 13 May 2019

The notes on pages 4 to 14 form part of these financial statements.

The Organic Pharmacy Limited

**Statement of changes in equity
For the year ended 31 December 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018 (as previously stated)	70,000	1,916,948	1,986,948
Prior year adjustment	-	42,940	42,940
At 1 January 2018 (as restated)	<u>70,000</u>	<u>1,959,888</u>	<u>2,029,888</u>
Comprehensive Income for the year			
Profit for the year	-	822,407	822,407
Dividends: Equity capital	-	(32,000)	(32,000)
At 31 December 2018	<u><u>70,000</u></u>	<u><u>2,750,295</u></u>	<u><u>2,820,295</u></u>

The notes on pages 4 to 14 form part of these financial statements.

**Statement of changes in equity
For the year ended 31 December 2017**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	70,000	996,817	1,066,817
Comprehensive income for the year			
Profit for the year	-	1,009,071	1,009,071
Dividends: Equity capital	-	(46,000)	(46,000)
At 31 December 2017	<u><u>70,000</u></u>	<u><u>1,959,888</u></u>	<u><u>2,029,888</u></u>

The notes on pages 4 to 14 form part of these financial statements.

The Organic Pharmacy Limited

Notes to the financial statements For the year ended 31 December 2018

1. General information

The Organic Pharmacy Limited is a company limited by share capital and incorporated in England. Its primary trading activities derive from the manufacture and retail of luxury organic health and beauty items from its base in West London.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.3 Operating leases

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

The Organic Pharmacy Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.4 Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.5 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

The Organic Pharmacy Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.7 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Organic Pharmacy Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property improvements	- Over the period of the lease
Plant & machinery	- 3 years
Fixtures & fittings	- 2 - 3 years
Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The Organic Pharmacy Limited

Notes to the financial statements For the year ended 31 December 2018

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgments and estimates. The items in the financial statements where these judgments and estimates have been made include the stock provision, provision for doubtful debts and the useful economic life of tangible fixed assets.

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

4. Intangible assets

	Trademarks £
Cost	
At 1 January 2018	21,958
At 31 December 2018	21,958
Amortisation	
At 1 January 2018	21,958
At 31 December 2018	21,958
Net book value	
At 31 December 2018	-
At 31 December 2017	-

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

5. Tangible fixed assets

	Restated S/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 January 2018	833,044	211,016	816,501	51,363	1,911,924
Additions	-	15,000	13,751	61,525	90,276
Disposals	(178,444)	-	-	-	(178,444)
At 31 December 2018	<u>654,600</u>	<u>226,016</u>	<u>830,252</u>	<u>112,888</u>	<u>1,823,756</u>
Depreciation					
At 1 January 2018	693,101	202,924	816,501	48,863	1,761,389
Charge for the year on owned assets	44,465	8,092	666	7,990	61,213
Disposals	(178,444)	-	-	-	(178,444)
At 31 December 2018	<u>559,122</u>	<u>211,016</u>	<u>817,167</u>	<u>56,853</u>	<u>1,644,158</u>
Net book value					
At 31 December 2018	<u>95,478</u>	<u>15,000</u>	<u>13,085</u>	<u>56,035</u>	<u>179,598</u>
At 31 December 2017	<u>139,943</u>	<u>8,092</u>	<u>-</u>	<u>2,500</u>	<u>150,535</u>

The net book value of land and buildings may be further analysed as follows:

	2018 £	2017 £
Short leasehold	<u>95,478</u>	<u>139,943</u>
	<u>95,478</u>	<u>139,943</u>

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

6. Debtors

	2018	2017
	£	£
Trade debtors	118,332	152,624
Amounts owed by group undertakings	1,084,749	817,009
Other debtors	169,016	742,599
Prepayments and accrued income	227,380	182,832
Deferred taxation	8,358	21,425
	1,607,835	1,916,489

7. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	877,247	980,102
	877,247	980,102

8. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank loans	-	235,000
Trade creditors	361,591	729,917
Corporation tax	230,473	193,000
Other taxation and social security	72,774	153,675
Other creditors	7,103	1,572
Accruals and deferred income	100,443	111,759
	772,384	1,424,923

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

9. Loans

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year		
Bank loans	-	235,000
Amounts falling due 1-2 years		
Bank loans	-	178,750
Amounts falling due 2-5 years		
Bank loans	-	200,000
	<hr/>	<hr/>
	-	613,750
	<hr/>	<hr/>

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

10. Deferred taxation

	2018 £	2017 £
At beginning of year	21,425	22,279
Charged to profit or loss	(13,067)	(854)
At end of year	8,358	21,425

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	7,218	21,415
Short term timing differences	1,140	10
	8,358	21,425

11. Prior year adjustment

The depreciation on leasehold property was overstated in prior years. Following a review the depreciation charge for 2017 has been restated and a prior year adjustment made.

12. Pension commitments

The Company operates a defined contribution pension scheme and makes contributions to the scheme on behalf of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension costs charge represents contributions payable by the Company to the fund and amounts to £14,212 (2017 - £8,261). At 31 December 2018 contributions of £7,103 (2017 - £1,572) were payable to the fund and were included in other creditors.

13. Transactions with directors

During the year, loans were repaid by M Marrone and F Marrone leaving the balances at £Nil as at 31 December 2018 (2017 - £182,501 and £398,202 respectively).

The maximum balance on the loans during the year was £182,501 in respect of M Marrone and £398,202 in respect of F Marrone.

The Organic Pharmacy Limited

**Notes to the financial statements
For the year ended 31 December 2018**

14. Auditors' information

The auditors' report on the financial statements for the year ended 31 December 2018 was qualified.

The qualification in the audit report was as follows:

A qualified opinion was given in so far as the comparative period was not subject to audit because the company took advantage of the small company audit exemption in the previous accounting period. In all other respects the opinion was unqualified.

The audit report was signed by Peter Wright BSc FCA (Senior statutory auditor) on behalf of Haines Watts.