


REGISTRAR COPY

Registered number: 05755179

ARBONNE UK LTD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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ARBONNE UK LTD

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ARBONNE UK LTD

COMPANY INFORMATION

Directors	G Price K Napier A Good (appointed 1 June 2015)
Company secretary	A Good
Registered number	05755179
Registered office	Peterbridge House The Lakes Northampton NN4 7HB
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Peterbridge House The Lakes Northampton NN4 7HB
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ

ARBONNE UK LTD
REGISTERED NUMBER: 05755179

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	6		4,275,000		-
Tangible assets	7		43,133		52,993
			<u>4,318,133</u>		<u>52,993</u>
Current assets					
Debtors amounts falling due within one year	8	487,820		482,555	
Cash at bank and in hand	9	254,807		189,501	
		<u>742,627</u>		<u>672,056</u>	
Creditors amounts falling due within one year	10	(317,256)		(351,054)	
Net current assets			<u>425,371</u>		<u>321,002</u>
Total assets less current liabilities			<u>4,743,504</u>		<u>373,995</u>
Creditors amounts falling due after more than one year			(4,275,000)		-
Net assets			<u>468,504</u>		<u>373,995</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		468,404		373,895
			<u>468,504</u>		<u>373,995</u>

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 profit and loss account 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 on 11/2/16/



K Napier

Director

The notes on pages 3 to 13 form part of these financial statements

ARBONNE UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

1. General information

Arbonne UK Limited is a private members limited liability company, incorporated in England, registered number 05755179. The address of its principal place of business is 16 Basset Court, Loake Close, Grange Park, Northampton, NN4 5EZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

Information on the impact of first-time adoption of FRS 102 is given in note 19.

The following principal accounting policies have been applied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2 Accounting policies (continued)

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
- the amount of revenue can be measured reliably,
- it is probable that the Company will receive the consideration due under the transaction, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably,
- it is probable that the Company will receive the consideration due under the contract,
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.3 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Income and Retained Earnings over its useful economic life.

Other 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 five years.

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.

Depreciation is provided on the following basis:

Leasehold Property	- Straight line over the life of the lease
Fixtures and fittings	- 20-25% straight line
Computer equipment	- 33.3% straight line

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 Statement of Income and Retained Earnings.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.5 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.

2.6 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.

2.7 Financial Instruments

The Company only enters into basic financial instruments 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 payables or receivables, 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 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 Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.8 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.

2.9 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 Statement of Income and Retained Earnings 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 Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Income and Retained Earnings within 'other operating income'.

2.10 Operating leases: the Company as lessee

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

2.11 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 Statement of Income and Retained Earnings 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

2. Accounting policies (continued)

2.12 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 Statement of Income and Retained Earnings 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

2.13 Current and deferred taxation

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no key judgements or estimates other than the valuation of the separately identifiable intangible assets and fixed asset depreciation.

4. Auditor's remuneration

Fees payable to the Company's auditor for the audit of the Company's annual financial statements totalled £6,000 (2014 - 6,000)

5. Employees

The average monthly number of employees, including directors, during the year was 30 (2014 - 30)

ARBONNE UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

6. Intangible assets

	Logistics agreements £	Customer contracts £	Negative goodwill £	Total £
Cost				
Additions	188,000	4,100,000	(13,000)	4,275,000
At 31 December 2015	<u>188,000</u>	<u>4,100,000</u>	<u>(13,000)</u>	<u>4,275,000</u>
Net book value				
At 31 December 2015	<u>188,000</u>	<u>4,100,000</u>	<u>(13,000)</u>	<u>4,275,000</u>
At 31 December 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. Tangible fixed assets

	Leasehold Property £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2015	175,326	65,913	176,656	417,895
Additions	-	5,976	14,529	20,505
At 31 December 2015	<u>175,326</u>	<u>71,889</u>	<u>191,185</u>	<u>438,400</u>
Depreciation				
At 1 January 2015	167,049	58,756	139,097	364,902
Charge for period on owned assets	4,070	3,885	22,410	30,365
At 31 December 2015	<u>171,119</u>	<u>62,641</u>	<u>161,507</u>	<u>395,267</u>
Net book value				
At 31 December 2015	<u>4,207</u>	<u>9,248</u>	<u>29,678</u>	<u>43,133</u>
At 31 December 2014	<u>8,277</u>	<u>7,157</u>	<u>37,559</u>	<u>52,993</u>

ARBONNE UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

8. Debtors

	2015 £	2014 £
Amounts owed by group undertakings	297,318	293,252
Other debtors	110,744	86,106
Prepayments and accrued income	78,299	97,370
Deferred taxation	1,459	5,827
	<u>487,820</u>	<u>482,555</u>

9. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	254,807	189,501
	<u>254,807</u>	<u>189,501</u>

10 Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	25,534	72,923
Corporation tax	33,455	12,031
Accruals and deferred income	258,267	266,100
	<u>317,256</u>	<u>351,054</u>

11 Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	4,275,000	-
	<u>4,275,000</u>	<u>-</u>

12 Financial Instruments

All debtors and creditors are basic financial instruments and are held at amortised cost

ARBONNE UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

13 Deferred taxation

	2015 £
At beginning of year	5,827
Charged to the profit or loss	(4,368)
At end of year	1,459

The deferred tax asset is made up as follows

	2015 £	2014 £
Accelerated capital allowances	558	4,816
Provisions	901	1,011
	1,459	5,827

14 Share capital

	2015 £	2014 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

15. Reserves**Profit and loss account**

Includes all current and prior period retained profits and losses

16. Pension commitments

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company. Contribution payable of £54,728 (2014: £55,879) were charged to the profit and loss account during the year. At the balance sheet date, contributions outstanding amounted to £5,005 (2014: £5,050).

ARBONNE UK LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows

	2015 £	2014 £
Land and buildings		
Not later than 1 year	78,095	70,414
Later than 1 year and not later than 5 years	13,229	91,325
	<u>91,324</u>	<u>161,739</u>
	2015 £	2014 £
Other		
Not later than 1 year	1,080	1,080
	<u>1,080</u>	<u>1,080</u>

17. Related party transactions

The company has taken advantage of the exemptions available under FRS 102 section 33 1A not to report transactions with wholly owned group members

18. Controlling party

The immediate parent company is Arbonne International Holding Inc, a company incorporated in the USA
The ultimate parent is Natural Products Group Inc which is also incorporated in the USA

In the opinion of the directors there is no ultimate controlling party of the ultimate parent company

Arbonne UK Limited is included in the consolidated financial accounts of Arbonne Europe GmbH, being the smallest set of group accounts produced. These consolidated financial accounts can be found at Hünenberg, Bösch 71, 6331 Hünenberg, Switzerland

19. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss

20. Auditor's information

The audit report was not qualified and was signed by Adam Young ACA (Senior Statutory Auditor) for and on behalf of MHA MacIntyre Hudson