

Isagenix (United Kingdom) Limited

Report and Financial Statements

Year ended

31 December 2017

Company Number 09895521

FRIDAY



L44

L7FEX12I

28/09/2018

#494

COMPANIES HOUSE

Isagenix (United Kingdom) Limited

Report and financial statements for the year ended 31 December 2017

Contents

Page:

1	Directors' report
3	Statement of directors' responsibilities
4	Independent auditor's report
7	Consolidated income statement
8	Consolidated statement of other comprehensive income
9	Consolidated balance sheet
10	Consolidated statement of changes in equity
11	Consolidated statement of cash flows
12	Company balance sheet
13	Company statement of changes in equity
14	Notes forming part of the financial statements

Directors

T C Jones
T J Ogden

Registered office

Lower Ground, Ground, First and Second Floors, Watchmaker Court, 31-34 St John's Lane, London, EC1M 4DB,
United Kingdom

Company number

09895521

Auditors

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

Isagenix (United Kingdom) Limited

Directors' report for the year ended 31 December 2017

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2017.

Principal Activity

The principle activity of the Group and Company during the year was the importation, sales, purchase and distribution of nutritional supplements, health food products and cosmetics.

Results

The results for the year are outlined on page 7 and show the profit for the year of £290,812 (2016 – loss of £696,506).

Directors

The directors of the Company during the year were:

Travis Ogden
Timothy Jones

Qualifying third party indemnity provisions

The ultimate parent company, Isagenix Worldwide, Inc. has indemnified by means of directors' and officers' liability insurance, one or more directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in force as at the date of approving the report. No director had an interest in the issued share capital of the Company at any point during the current or prior year.

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.

Grant Thornton UK LLP resigned as auditors of the Company during the year and BDO LLP were appointed as auditors of the Company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

Post balance sheet events

No material post balance sheet events occurred.

Employment of disabled persons

The Group is committed to a policy to recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability or perceptions of it.

The Group's HR procedures make clear that full and fair consideration must be given to application made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the Group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the Group. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

Isagenix (United Kingdom) Limited

Directors' report for the year ended 31 December 2017

Employee involvement

The Group maintains an HR intranet site that providing employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company.

The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the Group also undertakes a biennial staff survey to canvas views on significant matters.

Small companies note

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board



Travis Ogden
Director

27 September, 2018

Isagenix (United Kingdom) Limited

Statement of directors' responsibilities for the year ended 31 December 2017

Directors' responsibilities

The directors are responsible for preparing 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 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.

Isagenix (United Kingdom) Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ISAGENIX (UNITED KINGDOM) LIMITED

Opinion

We have audited the financial statements of Isagenix (United Kingdom) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2017 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2017 and of the Group's 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Company's ability to continue to adopt the going concern basis of accounting for a year of at least twelve months from the date when the financial statements are authorised for issue.

Isagenix (United Kingdom) Limited

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Isagenix (United Kingdom) Limited

Independent auditor's report (*continued*)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

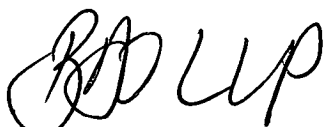
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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.



Joseph Aswani (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date



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

Isagenix (United Kingdom) Limited

Consolidated income statement for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover		9,427,227	-
Cost of sales		(2,606,108)	-
Gross profit		6,821,119	-
Distribution costs		(423,912)	-
Administrative expenses		(6,228,308)	(696,506)
Other operating income		254,340	-
Operating profit/(loss)	3	423,239	(696,506)
Interest payable	5	(230,237)	-
Profit/(loss) on ordinary activities before taxation		193,002	(696,506)
Taxation on profit/(loss) on ordinary activities	6	97,810	-
Profit/(loss) for the financial year after taxation		290,812	(696,506)

All amounts relate to continuing activities.

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Consolidated statement of other comprehensive income For the year ended 31 December 2017

	2017 £	2016 £
Profit/(loss) for the financial year after taxation	290,812	(696,506)
Currency translation differences	(1,234)	-
Other comprehensive (loss) for the year	(1,234)	-
Total comprehensive income/(loss) for the year	289,578	(696,506)

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Consolidated balance sheet at 31 December 2017

<i>Company number 09895521</i>	<i>Note</i>	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	7		694,050		-
Current assets					
Stocks	9	27,326		-	
Debtors due within 1 year	10	1,358,319		433,619	
Debtors due after more than 1 year	10	370,420		270,000	
Cash at bank and in hand		415,145		47,972	
		<u>2,171,210</u>		<u>751,591</u>	
Creditors: amounts falling due within one year	11	<u>(2,768,344)</u>		<u>(1,415,937)</u>	
Net current liabilities			<u>(597,134)</u>		<u>(664,346)</u>
Total assets less current liabilities			<u>96,916</u>		<u>(664,346)</u>
Creditors: amounts falling due after more than one year	12		(259,692)		-
Provision for liabilities	14		(211,992)		-
Net liabilities			<u>(374,768)</u>		<u>(664,346)</u>
Capital and reserves					
Called up share capital	16		1		1
Capital contribution			32,159		32,159
Profit and loss account			(406,928)		(696,506)
Total shareholder deficit			<u>(374,768)</u>		<u>(664,346)</u>

These financial statements have been prepared in accordance with the 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:

T J Ogden
Director



Date: 27 September, 2018

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Consolidated statement of changes in equity for the year ended 31 December 2017

	Share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 26 December 2016	1	32,159	(696,506)	(664,346)
Comprehensive income for the year				
Profit for the year	-	-	290,812	290,812
Other comprehensive income				
Currency translation differences			(1,234)	(1,234)
Total comprehensive income	-	-	289,578	289,578
At 31 December 2017	1	32,159	(406,928)	(374,768)
At 1 December 2015 (incorporation)	-	-	-	-
Contributions by and distributions to owners				
Capital contribution from immediate parent	-	32,159	-	32,159
Issue of share capital	1	-	-	1
Comprehensive income for the year				
Loss for the year	-	-	(696,506)	(696,506)
At 25 December 2016	1	32,159	(696,506)	(664,346)

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit/(loss) for the financial year		290,812	(696,506)
Adjustments for:			
Depreciation of fixed assets	7	113,222	-
Taxation expense		(97,810)	-
(Increase) in trade and other debtors		(910,514)	(703,619)
(Increase) in stocks		(27,326)	-
Increase in trade and other creditors		1,603,908	1,415,937
Increase in provisions		7,957	-
Cash from operations		980,249	15,812
Taxation paid		(17,796)	-
Net cash generated from operating activities		962,453	15,812
Cash flows from investing activities			
Purchases of tangible fixed assets		(595,280)	-
Capital contribution from parent		-	32,159
Share capital issued		-	1
Net cash from investing activities		(595,280)	32,160
Net increase in cash and cash equivalents		367,173	47,972
Cash and cash equivalents at beginning of year		47,972	-
Cash and cash equivalents at end of year		415,145	47,972
Cash and cash equivalents comprise:			
Cash at bank and in hand		415,145	47,972

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Company balance sheet at 31 December 2017

Company number 09895521	Note	2017 £	2017 £	As restated 2016 £	As restated 2016 £
Fixed assets					
Tangible assets	7		694,050		-
Investments	8		26,356		-
			<u>720,406</u>		<u>-</u>
Current assets					
Stocks	9	25,862		-	
Debtors due within 1 year	10	1,346,677		433,620	
Debtors due after more than 1 year	10	348,912		270,000	
Cash at bank and in hand		415,012		47,971	
		<u>2,136,463</u>		<u>751,591</u>	
Creditors: amounts falling due within one year	11	(2,796,606)		(1,415,937)	
Net current (liabilities)			<u>(660,143)</u>		<u>(664,346)</u>
Total assets less current liabilities			<u>60,263</u>		<u>(664,346)</u>
Creditors: amounts falling due after more than one year	12		(259,692)		-
Provision for liabilities	14		(211,992)		-
Net liabilities			<u>(411,421)</u>		<u>(664,346)</u>
Capital and reserves					
Called up share capital	16		1		1
Capital contribution			32,159		32,159
Profit and loss account			(443,581)		(696,506)
Total shareholder deficit			<u>(411,421)</u>		<u>(664,346)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The profit for the year was £252,925 (2016 – loss £696,506).

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

T J Ogden
Director
Date: 27 September, 2018



The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Company statement of changes in equity for the year ended 31 December 2017

	Share capital £	Capital contribution £	Profit and loss account £	Total equity £
At 26 December 2016 (as restated)	1	32,159	(696,506)	(664,346)
Comprehensive income for the year				
Profit for the year	-	-	252,925	252,925
At 31 December 2017	1	32,159	(443,581)	(411,421)
At 1 December 2015 (incorporation)	-	-	-	-
Contributions by and distributions to owners				
Capital contribution from immediate parent	-	32,159	-	32,159
Issue of share capital	1	-	-	1
Comprehensive income for the year				
Loss for the year	-	-	(696,506)	(696,506)
At 25 December 2016 (as restated)	1	32,159	(696,506)	(664,346)

The notes on pages 14 to 26 form part of these financial statements.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017

1 Accounting policies

Group and Company

Isagenix (United Kingdom) Limited is a private company limited by shares and incorporated in England and Wales, under the Companies Act. The address of the registered office is given on the contents page and the nature of the Group's operations and its principle activities are set out in the Directors report.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group and Company management to exercise judgement in applying the Group and Company's accounting policies, which are detailed in note 2.

These financial statements cover the year from 26 December 2016 to 31 December 2017.

Going concern

At the balance sheet date, the Group had net liabilities of £374,768 (2016 - £664,346), which is predominately driven by net intercompany payable balances owed by the Group totalling £521,416 (2016 - £968,559).

At the balance sheet date, the Company also had net liabilities of £660,143 (2016 - £664,346), which is predominately driven by intercompany payable balances owed by the Company totalling £618,235 (2016 - £928,559)

After making enquiries, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a year of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Isagenix International, Inc. has undertaken to provide the funds necessary for the Group and Company to continue as a going concern for a minimum of twelve months from the date of the approval of these financial statements. As a result, the financial statements have been prepared on a going concern basis.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Isagenix (United Kingdom) Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies have been eliminated in full.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Revenue

Revenue from the sales of goods is recognised when the Group and Company have transferred the significant risks and rewards of ownership to the buyer and it is probable that the Group and Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Revenue is recognised in the year where the goods are delivered less an appropriate provision for returns based on past experience.

Tangible fixed assets

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

Depreciation on assets 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:

Equipment	-	4 years
Furniture and fixtures	-	4 years
Leasehold improvements	-	The term of the lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, 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 within administrative expenses in the statement of comprehensive income.

Impairment of fixed assets

Fixed assets are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Fixed assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior years may no longer exist or may have decreased.

Valuation of investments

Investments in subsidiaries are stated at cost less any provision for impairment.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

1 Accounting policies *(continued)*

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.

At each reporting date, inventories are assessed for impairment. If inventory 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 the income statement.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'sterling', which is the Group and Company's functional and presentation currency.

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

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. Financial liabilities, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except that a charge attributable to an item of income or 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.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable 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 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.

Operating leases

All leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives to enter in to operating lease agreements are initially recorded as deferred income and released to the income statement over the term of the lease.

Where any entity within the Group and Company has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease.

Pension costs

Contributions to the wider Group and Company's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Capital contribution represents cash contributed to the parent company as investment capital
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Prior year restatement

During the current year, it was identified that a capital contribution of £32,159 had taken place in the prior financial year. The contribution should have been recorded as a separate equity reserve in the balance sheet, but instead, share capital was overstated by £32,129. This has been rectified in these comparative figures of these financial statements. There was no impact on the prior year profit.

A reclassification was also made between 'Debtors due within 1 year' to 'Debtors due over 1 year' in the Company balance sheet, to better reflect the nature of the balance. There was no impact on the prior year profit.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Group and Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Group and Company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The Group and Company has intercompany receivables and payables for which the expectations are that all will be fully paid and received without a premium or discount. In assessing the recoverability of amounts owed to the Company by fellow Group undertakings, management has considered the anticipated cash flow within the wider Group and the support from the ultimate parent company, and has deemed these balances recoverable.
- In determining whether transactions with other subsidiary undertakings of the Group and Company and the wider Group have been conducted on an arm's length basis. These decisions involve the input of internal and external tax advisors to the Group and Company, including analysis of comparable companies and groups who operate in similar markets to Isagenix Worldwide, Inc.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 7)*

Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Dilapidations (see note 14)*

The requirement for dilapidation provisions is assessed by Management on an ongoing basis with reference to the terms of the lease agreement and any updates made to the property. The provision is calculated by estimating likely fit-out costs upon exist of the lease.

- *Recoverability of deferred tax asset (see note 15)*

A deferred tax asset has been recognised in respect of brought forward losses. Management has considered the recoverability of the deferred tax asset with reference to the future forecasts of the Group and Company. The forecast is reviewed annually to consider if the asset is likely to be utilised.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 (continued)

3 Operating profit/(loss)

	2017 £	2016 £
This is arrived after charging/(crediting):		
Inventory recognised as expense	2,106,666	-
Depreciation of tangible fixed assets	113,222	-
Operating lease expense	589,631	36,000
Fees payable to Company's auditor for services to the Group		
- The audit of the Company's financial statements	19,024	9,068
- The audit of the Company's subsidiaries pursuant to legislation	9,661	-
- Other services	2,950	2,500
Exchange differences	(90,724)	30,001
	<u> </u>	<u> </u>

4 Employees

	2017 £	2016 £
Staff costs (including directors) consist of:		
Wages and salaries	1,606,530	290,576
Social security costs	181,455	44,120
Defined contribution scheme	44,888	8,534
	<u> </u>	<u> </u>
	1,832,873	343,230
	<u> </u>	<u> </u>

The average monthly number of employees (including directors) during the year was as follows:

	2017 Number	2016 Number
Sales	3	1
Administration	25	5
	<u> </u>	<u> </u>
	28	6
	<u> </u>	<u> </u>

5 Interest payable

	2017 £	2016 £
Intercompany interest payable	230,237	-
	<u> </u>	<u> </u>

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

6 Taxation on profit from ordinary activities

	2017 £	2016 £
<i>Current tax</i>		
UK corporation tax charge on loss in the year	-	-
Overseas tax	17,796	-
Total current tax	17,796	-
Movement in deferred tax provision (note 15)	(115,606)	-
Taxation on profit/(loss) on ordinary activities	(97,810)	-

The tax assessed for the year is lower (2016 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	193,002	(696,506)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	37,153	(139,301)
Effects of:		
Expenses not deductible for tax purposes	(7,962)	-
Movement in valuation allowance	(16,798)	-
Difference in overseas tax rates	5,403	-
Movement in deferred tax provision (note 15)	(115,606)	-
Deferred tax asset not recognised	-	139,301
Total tax (credit)/charge for year	(97,810)	-

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 *(continued)*

7 Tangible fixed assets

Group and Company

	Equipment £	Furniture and fixtures £	Leasehold improvements £	Total £
<i>Cost</i>				
At 26 December 2016	-	-	-	-
Additions	63,964	116,261	627,047	807,272
	<u>63,964</u>	<u>116,261</u>	<u>627,047</u>	<u>807,272</u>
At 31 December 2017	63,964	116,261	627,047	807,272
	<u>63,964</u>	<u>116,261</u>	<u>627,047</u>	<u>807,272</u>
<i>Depreciation</i>				
At 26 December 2016	-	-	-	-
Charge for the year	7,995	16,766	88,461	113,222
	<u>7,995</u>	<u>16,766</u>	<u>88,461</u>	<u>113,222</u>
At 31 December 2017	7,995	16,766	88,461	113,222
	<u>7,995</u>	<u>16,766</u>	<u>88,461</u>	<u>113,222</u>
<i>Net book value</i>				
At 31 December 2017	55,969	99,495	538,586	694,050
	<u>55,969</u>	<u>99,495</u>	<u>538,586</u>	<u>694,050</u>
At 25 December 2016	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

8 Fixed asset investments

Company	Investment in subsidiaries £
Cost	
At 26 December 2016	-
Additions	26,356
At 31 December 2017	<u>26,356</u>

The undertakings in which the parent company had an interest during the year are as follows:

Name	Country of incorporation or registration	Principle place of business	Description of shares held	Proportion of shares held by Company	Nature of business
Isagenix Germany GmbH	Germany	Westendstrasse 28; 60325 Frankfurt am Maine.	Ordinary	100%	Distribution of health, wellness and related products.
Isagenix (Spain) Sociedad Limitada	Spain	Calle Prim 19, 28004 Madrid.	Ordinary	100%	Distribution of health, wellness and related products.
Isagenix (European Union) B.V	Netherlands	Strawinskylaan 3127, 8th Floor, 1077 ZX Amsterdam	Ordinary	100%	Distribution of health, wellness and related products.

All investments were acquired or incorporated during the year.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

9 Stocks

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Finished goods	27,326	-	25,862	-

10 Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Amounts falling due within one year:				
Trade debtors	202,487	-	190,845	-
Amounts owed by group undertakings	600,460	217,994	600,460	217,994
Other debtors	618,114	485,625	596,606	485,626
Prepayments and accrued income	192,072	-	192,072	-
Deferred tax asset	115,606	-	115,606	-
	1,728,739	703,619	1,695,589	703,620

All amounts shown under debtors fall due for payment within one year except a rental deposit of £370,420 (2016 - £280,000), that will not be collected until the lease term expires on December 2021.

11 Creditors: amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	36,207	161,713	33,366	161,713
Amounts owed to group undertakings	1,121,876	1,186,553	1,218,695	1,186,553
Corporation tax payable	17,796	-	-	-
Taxation and social security	280,846	-	262,271	-
Other creditors	69,570	-	69,570	-
Accruals and deferred income	1,242,049	67,671	1,212,704	67,671
	2,768,344	1,415,937	2,796,606	1,415,937

Amounts owed to group undertakings are repayable on demand and charged at the monthly short term Applicable Federal Rate determined under the U.S. Internal Revenue Code.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

12 Creditors: amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Other creditors	259,692	-	259,692	-

13 Financial instruments

The Group's financial instruments may be analysed as follows:

	2017 £	2016 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	2,028,278	751,591
Financial liabilities		
Financial liabilities measured at amortised cost	2,729,394	229,384

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings other creditors and accruals.

14 Provisions for liabilities

	Dilapidations £
Group and Company	
At 26 December 2016	-
Additions	204,035
Charged to the income statement	7,957
	<u>211,992</u>
At 31 December 2017	

Dilapidation provisions are expected to be utilised upon the exit of the current lease, which is due to expire in December 2021.

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

15 Deferred tax asset

		Deferred taxation £
Group and Company		
At 26 December 2016		-
Recognised in the year (see note 6)		115,606
At 31 December 2017		115,606
	2017	2016
	£	£
<i>Deferred taxation</i>		
Unused tax losses	115,606	-

A deferred tax asset is recognised on the basis that the business is forecast to make an operating profit in future years, as in the current year, and in the opinion of the directors it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

16 Share capital

	2017	As restated
	£	2016 £
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1

17 Commitments under operating leases

The Group and Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Not later than 1 year	581,520	290,760
Later than 1 year and not later than 5 years	1,744,560	2,180,700
	2,326,080	2,471,460

Isagenix (United Kingdom) Limited

Notes forming part of the financial statements for the year ended 31 December 2017 *(continued)*

18 Related party disclosures

Key management personnel include all directors and a number of senior managers across the Group who together have authority and responsibility for planning, directing and controlling the activities of the Group. The total compensation paid to key management personnel for services provided to the group was £487,000 (2016 - £447,000).

19 Ultimate parent undertaking and parent undertaking of group

The immediate holding company is Isagenix (Asia Pacific) Holdings Limited, incorporated in Hong Kong. The ultimate controlling entity is Isagenix Worldwide, Inc. a company incorporated in the United States of America.