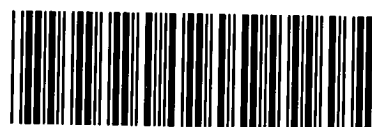

IIAA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021

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COMPANIES HOUSE

IIAA LIMITED

COMPANY INFORMATION

Directors

D Alpert
T Alpert
N Bell
M Evans

Registered number

02810868

Registered office

C/O Cowen Suite Kinetic Centre
Theobald Street
Borehamwood
Hertfordshire
HA7 4AR

Independent auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

IIAA LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Introduction

The directors present their strategic report for the year ended 28 February 2021.

The company's principal activity during the year continued to be the production, import and distribution of goods for resale into the beauty sector. In addition to the sale of products, the company provides extensive support to its clients through operations, training, marketing and PR.

Business review and financial key performance indicators

Despite the impact of the Coronavirus pandemic and the resultant closure of salons and spas across the UK and Ireland, the fall in turnover was restricted to 7.8% at £27,236,560. Gross profit percentage was 55%. Operating profit significantly increased to £10,941,924 (2020: £3,097,950) as a result of other income of £8,000,000 received for the lease surrender of our warehouse site and the compensation for resultant business interruption experienced. The directors consider these measures of performance to be the key performance indicators.

The company continues to invest in future growth, new products and its structures. Development of the IT and customer support systems is ongoing. We have moved into a new larger refurbished warehouse facility at Hemel Hempstead which will significantly enhance our service and accommodate continued growth. Key appointments at head office which enhance IT, project management and product development are delivering significant outcomes which will help take the business forward. As with last year, despite the pandemic, the ANP range of nutritional supplements continued to expand with further new products being added and growth in its international market.

Principal risks and uncertainties

Like many businesses, the Coronavirus pandemic proved to be a significant risk creating many uncertainties. Through restructuring, the introduction of new innovations and adapting to meet its challenges, the company was able to limit the damage to the business and set itself for a return to growth.

The directors consider that the principal risk and uncertainty facing the company continues to be factors arising from the effects of the economic climate and potential damage from the pandemic on its client base. Post Brexit regulations governing the distribution of product to our ROI clients has made this a more complicated logistical exercise which the company is addressing. In addition, the company is exposed to the effect of foreign exchange rates on its purchases from its principal supplier in the USA although this risk is minimised through appropriate foreign exchange management.

Financial risk management

The company's financial risk management policy seeks to ensure that adequate financial measures are retained to enable it to meet its day to day obligations as they fall due whilst managing its liquidity and credit risks.

Credit risk: most of the company's turnover is in the form of cash or credit card payments. Credit risk is effectively mitigated through credit being spread over a large client base with credit insurance cover in place.

Cash flow risk: the company monitors cash flow as part of its day to day activities allowing for its effective management. In addition, the company has significant cash reserves.

Liquidity Risk: the company has no significant long term external debt so this risk is low. The company manages liquidity through short term credit facilities, access to an Invoice Finance facility and its cash reserves.

Currency Risk: the company has a principal supplier in the USA and some suppliers in the EU. The majority of sales are in GBP however it does have sales to ROI generating euros currency which serves to minimise risk in currency fluctuations with EU suppliers

IIAA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Future developments

The directors will continue to grow the business through innovation, client support and brand development. In the core distribution business, the successful strategies already in place will form the platform for continued growth. For its ANP food supplement range, further international distributors will be appointed, and existing distributors developed. New products delivering impressive results will be trialled, developed and brought to both local and international markets.

The company will continue to embrace a philosophy that puts the good of the environment at the core of its activities.

This report was approved by the board on 31 July 2021 and signed on its behalf.



D Alpert
Director

IIAA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2021

The directors present their report and the financial statements for the year ended 28 February 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £8,835,223 (2020 - £2,509,811).

The company paid dividends of £500,000 (2020: £525,000).

Directors

The directors who served during the year were:

D Alpert
T Alpert
N Bell
M Evans

Future developments

The company continues to prioritise core initiatives focused on building a long term sustainable business.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Following the surrender of the warehouse lease in these accounts, the Company was approached and agreed a lease surrender of its head office lease. The consideration for this was £8,000,000. This was concluded in June 2021.

IIAA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2021**

Auditor

The auditor, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 31 July 2021 and signed on its behalf.



D Alpert
Director

IIAA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIAA LIMITED

Opinion

We have audited the financial statements of IIAA Limited (the 'Company') for the year ended 28 February 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 28 February 2021 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.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

IIAA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIAA LIMITED (CONTINUED)

Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' 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, 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; 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

IIAA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIAA LIMITED (CONTINUED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

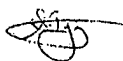
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to recognition of income or stock in an inappropriate period, overvaluation of stock, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Sample testing of transactions in the year-end period for potential misstatement;
- Review of automated and manual journals posted to the accounting system using analytical tools;
- Evaluating management's controls designed to prevent and detect irregularities;
- Comparing the judgements and estimates made by management to those made in prior periods and to actual historic performance; and
- Challenging assumptions and judgements made by management in their accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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.



Sooreeyen Iyaroo (Senior Statutory Auditor)

for and on behalf of
Haysmacintyre LLP

Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date: 31 July 2021

IIAA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Note	2021 £	2020 £
Turnover	4	27,236,560	29,532,976
Cost of sales		(12,137,476)	(12,828,647)
Gross profit		15,099,084	16,704,329
Administrative expenses		(12,993,572)	(13,606,379)
Other operating income	5	8,836,412	-
Operating profit	6	10,941,924	3,097,950
Interest receivable and similar income	10	-	92
Interest payable and expenses	11	(32,256)	(56,634)
Profit before tax		10,909,668	3,041,408
Tax on profit	12	(2,074,445)	(531,597)
Profit for the financial year		8,835,223	2,509,811

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

	Note	28 February 2021 £	29 February 2020 £
Fixed assets			
Intangible assets	14	6,153	6,504
Tangible assets	15	2,286,213	1,109,994
		<u>2,292,366</u>	<u>1,116,498</u>
Current assets			
Stocks	16	5,658,469	4,597,078
Debtors: amounts falling due within one year	17	5,691,290	3,540,705
Cash at bank and in hand	18	5,630,102	217,144
		<u>16,979,861</u>	<u>8,354,927</u>
Creditors: amounts falling due within one year	19	(4,874,353)	(3,313,898)
Net current assets		<u>12,105,508</u>	<u>5,041,029</u>
Total assets less current liabilities		<u>14,397,874</u>	<u>6,157,527</u>
Creditors: amounts falling due after more than one year	20	-	(74,665)
Provisions for liabilities			
Deferred tax	23	-	(20,211)
		<u>-</u>	<u>(20,211)</u>
Net assets		<u>14,397,874</u>	<u>6,062,651</u>
Capital and reserves			
Called up share capital	24	980	980
Profit and loss account	25	14,396,894	6,061,671
		<u>14,397,874</u>	<u>6,062,651</u>

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

31 July 2021
Martin Evans

M Evans
Director

The notes on pages 13 to 29 form part of these financial statements.

IIAA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 March 2019	980	4,076,860	4,077,840
Profit for the year	-	2,509,811	2,509,811
Dividends: Equity capital	-	(525,000)	(525,000)
At 1 March 2020	980	6,061,671	6,062,651
Profit for the year	-	8,835,223	8,835,223
Dividends: Equity capital	-	(500,000)	(500,000)
At 28 February 2021	980	14,396,894	14,397,874

The notes on pages 13 to 29 form part of these financial statements.

IIAA LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	28 February 2021 £	29 February 2020 £
Cash flows from operating activities		
Profit for the financial year	8,835,223	2,509,811
Adjustments for:		
Depreciation and amortisation of tangible and intangible assets	704,244	553,370
Loss on disposal of tangible assets	148,107	-
Interest paid	32,256	56,634
Interest received	-	(92)
Taxation charge	2,074,445	531,597
(Increase)/decrease in debtors	(2,068,382)	346,489
(Increase)/decrease in stocks	(1,061,391)	159,922
Increase/(decrease) in creditors	522,007	(594,714)
Corporation tax paid	(892,538)	(344,933)
Net cash generated from operating activities	8,293,971	3,218,084
Cash flows from investing activities		
Purchase of intangible fixed assets	-	(1,144)
Purchase of tangible fixed assets	(2,028,219)	(632,881)
Interest received	-	92
Net cash from investing activities	(2,028,219)	(633,933)
Cash flows from financing activities		
Repayment of loans	(320,538)	(2,414,490)
Dividends paid	(500,000)	(525,000)
Interest paid	(32,256)	(56,634)
Net cash used in financing activities	(852,794)	(2,996,124)
Net increase/(decrease) in cash and cash equivalents	5,412,958	(411,973)
Cash and cash equivalents at beginning of year	217,144	629,117
Cash and cash equivalents at the end of year	5,630,102	217,144
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	5,630,102	217,144
	5,630,102	217,144

The notes on pages 13 to 29 form part of these financial statements.

IIAA LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 28 FEBRUARY 2021**

	At 1 March 2020 £	Cash flows £	At 28 February 2021 £
Cash at bank and in hand	217,144	5,412,958	5,630,102
Debt due after 1 year	(74,665)	74,665	-
Debt due within 1 year	(592,602)	364,734	(227,868)
	<u>(450,123)</u>	<u>5,852,357</u>	<u>5,402,234</u>

The notes on pages 13 to 29 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

1. General information

IIAA Limited is a private company limited by shares incorporated in England and Wales.

The Registered Office is C/O Cowen Suite Kinetic Centre, Theobald Street, Borehamwood, Hertfordshire, England, WD6 4PJ. The company's trading address is 12 Priestley Way, London NW2 7AN.

The company's principal activity is that of the import and distribution of goods for resale in the beauty sector.

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 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).

The following principal accounting policies have been applied:

2.2 Going concern

The Directors have assessed the appropriateness of the going concern basis for the preparation of these accounts. Due to appropriate restructuring, the company was able to sustain turnover through COVID-19 and is confident that it is now well positioned to resume growth in its chosen markets. Projected cash flows reflect that future trading will continue to generate positive cash flows up to 31 July 2022. It is important to recognise that the proceeds of the warehouse lease surrender in 2020 and the post balance sheet event lease surrender of the head office in 2021 have both contributed to significant cash reserves.

The Directors are satisfied that the Company should continue to have the ability to meet its ongoing liabilities as and when they fall due for a period of at least twelve months from the date that these financial statements are signed. Accordingly, the Directors consider it appropriate to adopt the going concern basis for the preparation of these financial statements.

2.3 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 profit or loss 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 Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

2. Accounting policies (continued)

2.4 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.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Compensation received for surrender of the lease are recognised on receipt in the profit and loss.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

2. Accounting policies (continued)

2.10 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of Financial Position 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 reporting date.

2.12 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 Comprehensive Income 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

2. Accounting policies (continued)

2.13 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following annual basis:

Leasehold property and equipment	-	20% and 33.33% straight line
Plant and machinery	-	33% Over 3 years
Motor vehicles	-	25% reducing balance
Fixtures, fittings and equipment	-	20% reducing balance

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 profit or loss.

2.14 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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.

2.15 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.

2.16 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.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.17 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

2. Accounting policies (continued)

2.18 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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 Statement of Financial Position.

2.19 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 ordinary shares.

2.20 Dividends

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

2.21 Business interruption income

Compensation received for business interruption is recognised on receipt in the Statement of Comprehensive Income.

2.22 Lease surrender incentive

Compensation received for surrender of lease is recognised on receipt in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

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

In the process of applying its accounting policies, the directors are required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements effect the carrying value of assets and liabilities at the date of financial statements and the revenues and expenses recognised in the period.

The following are the estimates and judgements that the directors consider to have the most significant impact on the annual results under FRS102.

Property, plant and equipment (PPE)

The estimated useful lives of PPE are based on management's judgement and experience. When management identifies that actual useful lives differ materially from the estimates used to calculate depreciation, that charge is adjusted prospectively. Due to the significance of PPE investment to the company, variations between actual and estimated useful economic lives could impact on operating results both positively and negatively, although historically no changes have been required.

Revenue recognition and allowance for doubtful receivables

The company recognises revenue generally at the time of delivery and when collection of the resulting receivable is reasonably assured. When the company considers that the criteria for revenue recognition are not met for a transaction, revenue recognition is delayed until such time as collectability is reasonably assured. Payments received in advance of revenue recognition are recorded as deferred income. At each reporting date, the company evaluate the recoverability of trade receivables and record allowances for doubtful receivables based on experience. These allowances are based on, amongst other things, a consideration of actual collection history. The actual level of receivables collected may differ from the estimated levels of recovery, which could impact operating results positively or negatively.

Business interruption income due to lease surrender

When compensation for business interruption due to lease surrender is received, the Company's management is required to assess the conditions attached to the compensation to determine its appropriate accounting treatment. The gross proceeds from compensation for business interruption are recognised in the income statement as other operating income when the receipt of the proceeds is virtually certain and that there are no unfulfilled performance obligations attached to the income.

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

4. Turnover

	28 February 2021 £	29 February 2020 £
Analysis of turnover by geographical market		
UK	17,069,615	20,776,715
Europe	9,368,459	7,553,339
North America	393,488	893,293
Rest of world	404,998	309,629
	<u>27,236,560</u>	<u>29,532,976</u>

5. Other operating income

	2021 £	2020 £
Compensation for lease surrender	8,000,000	-
Coronavirus Job Retention Scheme grants	836,412	-
	<u>8,836,412</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	887,131	438,005
Other operating lease rentals	573,927	625,824
Depreciation and amortisation charge	704,244	553,370
	<u></u>	<u></u>

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>27,300</u>	<u>22,800</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>8,950</u>	<u>9,200</u>
	<u>8,950</u>	<u>9,200</u>

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	6,305,341	6,924,962
Social security costs	636,380	717,318
Cost of defined contribution scheme	154,926	173,305
	<u>7,096,647</u>	<u>7,815,585</u>

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

	2021 No.	2020 No.
Administration	34	37
Development	17	25
Distribution	30	32
Sales	86	86
	<u>167</u>	<u>180</u>

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	662,463	672,154
Company contributions to defined contribution pension schemes	23,797	21,102
	<u>686,260</u>	<u>693,256</u>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of 230,696 (2020 - £207,000).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £19,500 (2020 - £18,000).

The directors are considered as key management personnel and details of their remuneration are disclosed above.

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

10. Interest receivable

	2021 £	2020 £
Other interest receivable	-	92
	<u>-</u>	<u>92</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	16,242	37,857
Other loan interest payable	16,014	18,777
	<u>32,256</u>	<u>56,634</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	2,176,859	511,267
Adjustments in respect of previous periods	-	(177)
	<u>2,176,859</u>	<u>511,090</u>
Total current tax	<u>2,176,859</u>	<u>511,090</u>
Deferred tax		
Origination and reversal of timing differences	(102,414)	20,507
Total deferred tax	<u>(102,414)</u>	<u>20,507</u>
Taxation on profit on ordinary activities	<u>2,074,445</u>	<u>531,597</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	10,909,668	3,041,408
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	2,072,837	577,868
Effects of:		
Expenses not deductible for tax purposes	3,860	15,097
Adjustments to tax charge in respect of prior periods	-	(177)
Adjustment in research and development tax credit	-	(48,884)
Patent box additional deduction	(35,047)	(14,323)
Other differences leading to an increase in the tax charge	6,410	2,016
Deferred tax not recognised	(11,784)	-
Fixed asset differences	38,169	-
Total tax charge for the year	2,074,445	531,597

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 17% to 19% (effective from 1 April 2020) was substantively enacted on 17 March 2020, and the deferred tax as at 28 February 2021 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023.

13. Dividends

	28 February 2021 £	29 February 2020 £
Dividends - Equity	500,000	525,000
	<u>500,000</u>	<u>525,000</u>

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

14. Intangible assets

	Intellectual Property £	Goodwill £	Total £
Cost			
At 1 March 2020	7,019	78,508	85,527
At 28 February 2021	7,019	78,508	85,527
Amortisation			
At 1 March 2020	515	78,508	79,023
Charge for the year on owned assets	351	-	351
At 28 February 2021	866	78,508	79,374
Net book value			
At 28 February 2021	6,153	-	6,153
At 29 February 2020	6,504	-	6,504

IIAA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2021

15. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Total £
Cost or valuation			
At 1 March 2020	265,339	2,613,330	2,878,669
Additions	1,368,812	659,407	2,028,219
Disposals	-	(489,871)	(489,871)
At 28 February 2021	1,634,151	2,782,866	4,417,017
Depreciation			
At 1 March 2020	265,339	1,503,336	1,768,675
Charge for the year on owned assets	59,776	644,117	703,893
Disposals	-	(341,764)	(341,764)
At 28 February 2021	325,115	1,805,689	2,130,804
Net book value			
At 28 February 2021	1,309,036	977,177	2,286,213
At 29 February 2020	-	1,109,994	1,109,994

16. Stocks

	28 February 2021 £	29 February 2020 £
Finished goods and goods for resale	5,658,469	4,597,078
	5,658,469	4,597,078

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

17. Debtors

	28 February 2021 £	29 February 2020 £
Trade debtors	2,803,857	2,210,265
Amounts owed by related company	1,148,781	1,033,108
Other debtors	1,387,744	230,088
Prepayments and accrued income	268,705	67,244
Deferred taxation	82,203	-
	<u>5,691,290</u>	<u>3,540,705</u>

Included in trade debtors are £1,212,380 (2020: £1,521,424) of debts, which have been assigned to the finance company. At the year end £nil (2020: £39,655) was owing to the finance company, this amount is included in bank loans and overdrafts.

18. Cash and cash equivalents

	28 February 2021 £	29 February 2020 £
Cash at bank and in hand	5,630,102	217,144
	<u>5,630,102</u>	<u>217,144</u>

19. Creditors: Amounts falling due within one year

	28 February 2021 £	29 February 2020 £
Bank loans	157,966	403,839
Trade creditors	1,643,909	1,365,851
Corporation tax	1,645,589	361,268
Other taxation and social security	153,914	335,856
Other creditors	127,632	232,068
Accruals and deferred income	1,145,343	615,016
	<u>4,874,353</u>	<u>3,313,898</u>

Included in bank loans due within one year is an amount of £nil (2020: £39,655) in relation to an invoice discounting facility. The liability is secured against the related debtor balances which are included within trade debtors.

The company entered into a number of fixed term bank loans, of which £82,212 was repaid in June 2021 and £75,754 is due for repayment in February 2022. The bank loans bear interest at a rate of 2.55% above the Bank of England base rate. The loans are secured by a debenture comprising fixed and floating charges over all the assets and undertakings of the company.

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

20. Creditors: Amounts falling due after more than one year

	28 February 2021 £	29 February 2020 £
Bank loans	-	74,665
	<u>-</u>	<u>74,665</u>

21. Loans

Analysis of the maturity of loans is given below:

	28 February 2021 £	29 February 2020 £
Amounts falling due within one year		
Bank loans	157,966	403,839
	<u>157,966</u>	<u>403,839</u>
Amounts falling due 1-2 years		
Bank loans	-	74,665
	<u>-</u>	<u>74,665</u>
	<u>157,966</u>	<u>478,504</u>

22. Financial instruments

	28 February 2021 £	29 February 2020 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>5,340,382</u>	<u>3,473,461</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(4,874,353)</u>	<u>(3,313,898)</u>

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, amounts owed by related companies and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans other creditors and accruals.

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

23. Deferred taxation

	2021 £	2020 £
At beginning of year	(20,211)	296
Charged to profit or loss	102,414	(20,507)
At end of year	<u>82,203</u>	<u>(20,211)</u>

The deferred taxation balance is made up as follows:

	28 February 2021 £	29 February 2020 £
Accelerated capital allowances	(21,433)	(63,222)
Short term timing differences	103,636	43,011
	<u>82,203</u>	<u>(20,211)</u>

24. Share capital

	28 February 2021 £	29 February 2020 £
Allotted, called up and fully paid		
98,000 (2020 - 98,000) Ordinary shares of £0.01 each	<u>980</u>	<u>980</u>

Ordinary shares in the company carry voting rights, the right to participate in dividend payments, and the right to participate in any other distributions (including on winding up). The ordinary shares are non-redeemable.

25. Reserves**Profit and loss account**

Includes all current and prior period retained profits and losses accumulated to date less dividends paid.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

26. Capital commitments

At 28 February 2021 the Company had capital commitments as follows:

	28 February 2021 £	29 February 2020 £
Contracted for but not provided in these financial statements	141,968	-

27. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £146,505 (2020 - £173,305). Contributions totalling £25,453 (2020 - £21,102) were payable to the fund at the reporting date

28. Commitments under operating leases

At 28 February 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	28 February 2021 £	29 February 2020 £
Not later than 1 year	363,613	144,133
Later than 1 year and not later than 5 years	897,661	143,301
Later than 5 years	241,896	-
	<u>1,503,170</u>	<u>287,434</u>

29. Related party transactions

Included in other debtors is a loan of £1,081,557 owed by D Alpert (2020: £111,307 owed to, within other creditors and incurs interest of 8% per annum), a director of the company. The loan incurs interest of 2.5% per annum and is repayable on demand.

Included in other creditors is a loan of £44,449 (2020: £44,449) due to T Alpert, a director of the company. The loan incurs interest of 5% per annum and is repayable on demand.

Amounts owed by related companies comprise:

An amount for £2,656 (2020: £2,223 within other debtors) due from Green Machine Holdings Limited, a company with common directors.

An amount of £1,144,824 (2020: £1,030,855) in advances to Skintech Life Science Limited, a company with common directors.

An amount of £1,301 (2020: £nil) due from IIAA Ireland Limited, a company with common directors.

IIAA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2021**

30. Post balance sheet events

Following the surrender of the warehouse lease in these accounts, the Company was approached by its landlord and agreed a lease surrender of its head office lease. The consideration for this was £8,000,000. This was concluded in June 2021.

31. Controlling party

The parent company is Helston Trading Limited, a company incorporated in the British Virgin Islands. The ultimate controlling party of IIAA Limited is considered to be David Alpert.