

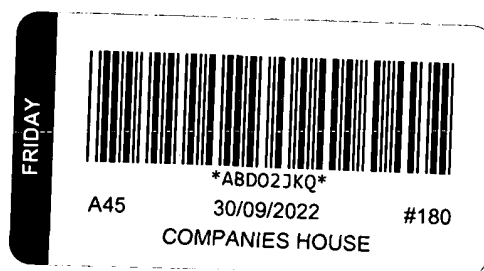
Nelson & Russell Holdings Limited
Annual Report and Consolidated Financial Statements
31 December 2021

Nelson & Russell Holdings Limited

Annual Report and Consolidated Financial Statements

Registered Number: 03879349

31 December 2021



Company Information

Directors	Robert Wilson Patrick Wilson Garry Watts Simon Hodge Michael Lockett (Appointed 1 July 2021)
Secretary	Olivia Blackwood (Appointed 3 February 2021)
Company number	03879349
Registered office	Nelsons House 83 Parkside Wimbledon London SW19 5LP
Independent auditor	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ

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Strategic Report

The Directors present their strategic report and audited financial statements for the year ended 31 December 2021.

Fair review of the business

The principal activity of Nelson & Russell Holdings Limited (the 'Company') and all its subsidiaries (the 'Group'/'Nelsons'), continued to be the manufacture and sale of natural healthcare products.

Nelsons continue to operate predominantly in Europe, with ambitions to continue to grow the business in America and a number of international export markets.

Principal risks and uncertainties

Nelsons' principal activity is the manufacture and sale of natural healthcare products. These products can be classified in different ways depending on the market in which they are sold and the local regulations applying in these markets. As the regulatory environment within which Nelsons operates evolves and changes, Nelsons must respond accordingly which may require changes to manufacturing methods, packaging or product content.

The Group exports to a number of markets and as such it faces exchange risk from those markets not invoiced in sterling. The Group's policy is to regularly monitor FX rates and, where appropriate, to reduce this exposure through the use of financial instruments, principally FX forwards.

The ongoing global impact of the Covid-19 pandemic has been unprecedented. Although the pandemic has been difficult for many businesses, Nelsons' sufficient resources have allowed the Group to both adapt to the unique circumstances faced in this environment and continue to operate effectively, throughout.

Key performance indicators

The following key performance indicators are reported from the results of the Group:

Global sales increased by 11.9% (2020: decreased by 13.3%) on the previous year

Profit on ordinary activities before taxation £7.3m (2020: £7.9m)

Group EBITDA has decreased by 0.7% to £9.1m

Net Assets increased by 2.1% to £16.9m (2020: £16.6m)

Net Outflow of funds of £4.3m (2020: Net Inflow £8.0m)

Future developments

The Group continues to develop and invest in its existing brands, whilst extending the product range to complement its existing portfolio and meet consumer need states.

Strategic Report (continued)**Stakeholder Engagement Report**

This statement is intended by the Directors to set out how they have approached and met their responsibilities under Section 172 of Companies Act 2006 in the financial period ending 31 December 2021.

The Directors of Nelson & Russell Holdings Limited act in accordance with a set of general duties, including those under Section 172 of the Companies Act 2006 to promote the success of the Group. In doing so they comply with the below factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the Group's employees;
- (c) the need to foster the Group's business relationships with suppliers, customers and others;
- (d) the impact of the Group's operations on the community and the environment;
- (e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the Group.

In discharging their duty to promote the interests of Nelson & Russell Holdings Limited under Section 172 of the Companies Act 2006, the Directors of Nelsons have regard to a number of factors and stakeholder interests. These are described below.

Long-term consequences

Nelsons has a rich heritage of over 160 years, making us one of the oldest established and best-known global suppliers of natural healthcare and homeopathic products; our mission remains to inspire generations to live healthier, happier lives. Consequently, when setting the future strategic direction of the Group, we specifically consider the legacy we are leaving for generations to come and place strong focus on the way we operate to ensure the enduring success of Nelsons.

Our consumers

The health of our business and our brands depends on the continuing support of our loyal consumers who come from a range of age groups and backgrounds. Our naturally inspired brands cater to consumers' health and wellness needs, delivering safe and effective results in a safe and gentle way. We engage with our consumers through our customers and distributors, as well as directly through consumer feedback and focus groups, seeking always to ensure our products meet their needs and expectations, are high quality and easy to use.

Our employees

Nelsons' people are at the heart of our business and we are committed to creating an environment where every individual can flourish. Our global engagement surveys and town hall meetings help us to encourage active dialogue and transparency with our employees. We have a diverse workforce of 21 nationalities, spread across our locations in Europe (UK, Monaco, Germany) and America. Some of our employees work in our manufacturing sites, some are based in offices or at home, and others work directly with our customers. We have a fair remuneration program to drive the right behaviours in line with Nelsons' values and participate in the Real Living Wage campaign.

Strategic Report (*continued*)

Our business relationships

Our principal business relationships are with our suppliers, our customers and our distributors. We seek to maintain productive relationships with our, often long standing, partners so that our raw materials, packaging, and services are efficiently and sustainably sourced and our products are responsibly and ethically marketed through a range of stores in over 60 countries around the world.

The community and environment

As a socially responsible and environmentally aware company, we recognise that Nelsons' operations can impact communities and the climate. We have a long tradition of supporting international charitable partners and donate an amount of our profits every year to make a positive impact to the world outside of Nelsons. Tied to our mission of inspiring generations to live healthier, happier lives, we support a number of sports, health and community charities through both corporate and brand partnerships. We are committed to continuing to minimise our ecological footprint and are progressing our packaging and ingredients' sustainability ambitions, as well as maintaining our carbon neutral status.

Our reputation and acting fairly

The success of Nelsons depends on our reputation with our internal and external stakeholders, as a business dedicated to its mission, vision and values. We strive to embrace fair and responsible business practices, and we ensure that all employees are annually trained on all areas of ethical business conduct. Our ongoing engagement with this critical area gives us confidence that business decisions are taken within the right framework. We place strong focus on the way we operate our activities to ensure the long-term success of Nelsons and are conscious of the need to always balance the interests of our different stakeholders fairly.

Principal decisions

During the year, the Board addressed two principal issues:

First, to embark on a programme of re-shaping the business for the future. Garry Watts took over from Robert Wilson as Chairman on 1 July 2021 and in the same month, Michael Lockett was appointed as the Group's Chief Executive Officer. During the second half of the year, the Group re-organised its senior management team and begun a process of simplifying its core business processes, with the intention of balancing and benefiting the interests of each of its stakeholder groups. Progress made to date has accelerated our momentum and allowed us to develop a new strategic plan during 2022 for sustainable and strong future growth.

Secondly, the business continued to deal with the effects of Covid-19 on our operations and working practices. Whilst we did not see the same level of impact as in 2020, Covid-19 remained a defining feature of the global landscape in 2021 and we continued to see the continuation of international volatility in response to changing local conditions. We have continued to closely monitor the impact of Covid-19 throughout 2021 to ensure both the physical and emotional well-being of our employees, as well as Nelsons' ongoing operational resilience. We have not made use of the Covid-19 Job Retention Scheme as none of our employees were furloughed. We have closely worked with our customers and suppliers to ensure we minimise any disruption in service and continue to meet our consumers' needs, in a safe and secure way. Knowing that our products, as a natural healthcare provider, have supported our customers and consumers during the challenges of Covid-19, has driven us to fulfil our delivery promises in 2021.

Strategic report (*continued*)

Covid-19 Statement

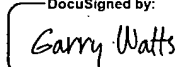
The Board has continued to closely monitor the impact of Covid-19 throughout 2021 to ensure both the well-being of our employees and Nelsons' ongoing operational resilience.

The well-being of our employees has continued to be paramount throughout 2021, guided by our uncompromising commitment to health and safety across all locations. This has included continuing to allow all employees to work remotely where possible, as well as offering flexibility to accommodate childcare and carer needs and extra holiday allowances where required. For those business-critical roles within our manufacturing and retail sites, we have implemented all government and public health authority advised adjustments, including the provision of the right personal protective equipment, social distancing measures, and hygiene protocols. Additional procedures to our cleaning routines as part of our Good Manufacturing Practices have also been implemented. On top of these practical safety measures, we are, and will continue to support in the event of any further lockdown activity in 2022, our colleagues with advice on how to support their emotional wellbeing.

We have not made use of the Coronavirus Job Retention Scheme as none of our employees were furloughed during this period.

Our regional teams have constantly monitored ongoing developments, and worked closely with our customers, to ensure we minimise any disruption in service and continue to meet our consumers' needs in a safe and secure way. Knowing that our products, as a natural healthcare provider, can support our customers and consumers during the challenges of Covid-19 has driven us to fulfil our delivery promises in 2021.

On behalf of the Board

DocuSigned by:

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Garry Watts
Chairman

Date: 28 September 2022

Directors' Report

- ✓ The Directors present their annual report and financial statements for the year ended 31 December 2021.

Directors

The Directors who held office during the year and up to the date of signature of the financial statements were as follows:

Robert Wilson

Patrick Wilson

Garry Watts

Simon Hodge

Michael Lockett (appointed on 1 July 2021)

Results and dividends

The results for the year are set out on page 12.

Ordinary dividends were paid amounting to £5,505,000.

Directors' interests

The Directors' interests in the shares of the Company were as stated below:

	Ordinary shares of 50 pence each	
	31 December 2021	1 January 2021
Robert Wilson	66,333	66,333
Patrick Wilson	66,333	66,333

	Ordinary 'A' shares of 50 pence each	
	31 December 2021	1 January 2021
Robert Wilson	1	1
Patrick Wilson	1	1

Employees

The Company takes pride in its diversity of staff and is an equal opportunity employer.

The Company informs and consults its employees on issues of concern as far as reasonably practical.

Directors' Report (continued)**Going concern**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts in order to assess going concern which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its existing overdraft facility and revolving credit facility to meet its liabilities as they fall due during the going concern assessment period. The existing facilities are due to expire in February 2023, and the cash flow forecasts assume that these facilities will be successfully refinanced. Whilst such facilities have not yet been formally agreed and committed, the Group's lenders have indicated that they expect to refinance the existing facilities on at least the same terms as are currently available.

The Directors therefore have a reasonable expectation that the Group will have adequate resources and facilities to continue in operational existence and meet all liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements. Therefore, these financial statements have been prepared on a going concern basis.

Environment

As a manufacturer we comply with packaging waste regulations, which means that we aim to reduce, reuse and recycle packaging where possible. Within the Group's offices we operate and encourage a recycling policy.


Auditor

During the year, KPMG LLP was appointed as auditor of the Company. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the Company is unaware. Additionally, the Directors individually have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the Company is aware of that information.

On behalf of the Board

DocuSigned by:

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Olivia Blackwood
Company Secretary

Nelsons House
83 Parkside
Wimbledon
London
SW19 5LP

Date: 28 September 2022

Statement of Directors' Responsibilities in respect of the Strategic report, the Directors' Report and the Financial Statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 Group and Company and of the Group's profit or loss for that period. In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NELSON & RUSSELL HOLDINGS LIMITED**Opinion**

We have audited the financial statements of Nelson & Russell Holdings Limited for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss Account, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NELSON & RUSSELL HOLDINGS LIMITED (continued)**Fraud and breaches of laws and regulations – ability to detect***Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Directors as to the Group's high-level policies and procedures to prevent and detect fraud, including the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group's audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- The risk that the Group and component management may be in a position to make inappropriate accounting entries; and
- The risk that revenue is overstated/understated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards), and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NELSON & RUSSELL HOLDINGS LIMITED (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

First, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations, to enquiry of the Directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of laws or regulations

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The Directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- We have not identified material misstatements in the strategic report and the directors' report;
- In our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- In our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NELSON & RUSSELL HOLDINGS LIMITED (continued)

Matters on which we are required to report by exception

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

- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Adam Craig (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St. Nicholas House
Park Row
Nottingham
NG1 6FQ

Date: 30 September 2022

Consolidated Profit and Loss Account
for year ended 31 December 2021

	Note	2021 £000	2020 restated* £000
Turnover	3	64,491	57,606
Cost of sales		(16,020)	(13,929)
Gross profit		48,471	43,677
Administrative expenses		(40,796)	(35,356)
Group operating profit		7,675	8,321
Depreciation	11	1,215	1,266
Amortisation	10	243	243
Group EBITDA		9,133	9,830
Interest payable and similar expenses	7	(340)	(426)
Fair value gains and losses on foreign exchange contracts		2	(32)
Profit before taxation		7,337	7,863
Tax on profit	8	(1,580)	(1,915)
Profit for the financial year		5,757	5,948
<i>Profit or loss attributable to</i>			
Shareholders of the Company		5,360	6,385
Non-controlling interest		397	(437)
Total profit or loss		5,757	5,948

The income statement has been prepared on the basis that all operations are continuing operations.

*See note 1.21 for details of the restatement to 2020.

Consolidated Other Comprehensive Income
for year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Profit for the year		5,757	5,948
Other comprehensive income			
Currency translation differences		96	191
Other comprehensive income for the year, net of income tax		96	191
Total comprehensive income for the year		5,853	6,139
<i>Total comprehensive income attributable to</i>			
Shareholders of the Company		5,456	6,576
Non-controlling interest		397	(437)
		5,853	6,139

Consolidated Balance Sheet
at 31 December 2021

	Note	2021	2020
		£000	£000
Fixed assets			
Intangible assets	10	487	731
Tangible assets	11	9,151	9,081
Investment property	12	2,676	2,676
		<u>12,314</u>	<u>12,488</u>
Current assets			
Stocks	14	8,579	7,499
Debtors	15	13,621	14,150
Cash at bank and in hand		3,600	7,922
		<u>25,800</u>	<u>29,571</u>
Creditors: amounts falling due within one year	16	<u>(12,995)</u>	<u>(11,383)</u>
Net current assets		12,805	18,188
Total assets less current liabilities		25,119	30,676
Creditors: amounts falling due after more than one year	17	(8,000)	(14,000)
Provisions for liabilities			
Deferred tax liability	19	(221)	(126)
Net assets		<u>16,898</u>	<u>16,550</u>


Consolidated Balance Sheet (*continued*)
at 31 December 2021

	Note	2021 £000	2020 £000
Capital and reserves			
Called up share capital	21	75	75
Revaluation reserve	21	2,128	2,128
Other reserves	21	810	810
Profit and loss account	21	13,589	13,638
Equity attributable to the parent's shareholders		16,602	16,651
Non-controlling interest		296	(101)
Shareholders' funds		16,898	16,550

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 28 September 2022

And were signed on its behalf by:

DocuSigned by:

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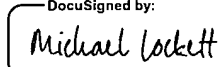
Michael Lockett
 CEO

Company Registered Number: 03879349

Company Balance Sheet
at 31 December 2021

	Note	2021	2020
		£000	£000
Fixed assets			
Investment property	12	8,650	8,650
Investments	13	9,697	9,697
		<u>18,347</u>	<u>18,347</u>
Current assets			
Debtors	15	10,240	10,644
Cash at bank and in hand		-	42
		<u>10,240</u>	<u>10,686</u>
Creditors: amounts falling due within one year	16	<u>(8,170)</u>	<u>(6,882)</u>
Net current assets		<u>2,070</u>	<u>3,804</u>
Total assets less current liabilities		<u>20,417</u>	<u>22,151</u>
Creditors: amounts falling due after more than one year	17	<u>(8,000)</u>	<u>(14,000)</u>
Provisions for liabilities			
Deferred tax liability	19	<u>(610)</u>	<u>(610)</u>
Net assets		<u>11,807</u>	<u>7,541</u>
Capital and reserves			
Called up share capital	21	75	75
Other reserves	21	2,622	2,622
Profit and loss account	21	9,110	4,844
Shareholders' funds		<u>11,807</u>	<u>7,541</u>

The accompanying notes form an integral part of these financial statements.
These financial statements were approved by the Board of Directors on 28 September 2022
And were signed on its behalf by:

DocuSigned by:

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Michael Lockett

CEO

Company Registered Number: 03879349

Consolidated Statement of Changes in Equity

	Called up share capital	Revaluation reserve	Other reserves	Profit & loss account	Total shareholders' equity	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2020	75	2,128	810	11,789	14,802	336	15,138
Total comprehensive income for the period							
Profit for the year	-	-	-	6,385	6,385	(437)	5,948
Other comprehensive income	-	-	-	191	191	-	191
Total comprehensive income for the period	-	-	-	6,576	6,576	(437)	6,139
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(4,727)	(4,727)	-	(4,727)
Total contributions by and distributions to owners	-	-	-	(4,727)	(4,727)	-	(4,727)
Balance at 31 December 2020	75	2,128	810	13,638	16,651	(101)	16,550

Consolidated Statement of Changes in Equity (continued)

	Called up Share capital	Revaluation reserve	Other reserves	Profit & loss account	Total shareholders' equity	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 January 2021	75	2,128	810	13,638	16,651	(101)	16,550
Total comprehensive income for the period							
Profit for the year	-	-	-	5,360	5,360	397	5,757
Other comprehensive income	-	-	-	96	96	-	96
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,456</u>	<u>5,456</u>	<u>397</u>	<u>5,853</u>
Total comprehensive income for the period							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,456</u>	<u>5,456</u>	<u>397</u>	<u>5,853</u>
Transactions with owners, recorded directly in equity							
Dividends	-	-	-	(5,505)	(5,505)	-	(5,505)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,505)</u>	<u>(5,505)</u>	<u>-</u>	<u>(5,505)</u>
Total contributions by and distributions to owners							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,505)</u>	<u>(5,505)</u>	<u>-</u>	<u>(5,505)</u>
Balance at 31 December 2021	<u>75</u>	<u>2,128</u>	<u>810</u>	<u>13,589</u>	<u>16,602</u>	<u>296</u>	<u>16,898</u>

Company Statement of Changes in Equity

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2020	75	2,622	4,854	7,551
Total comprehensive income for the period				
Profit for the year	-	-	4,717	4,717
Total comprehensive income for the year	-	-	4,717	4,717
Transactions with owners, recorded directly in equity				
Dividends	-	-	(4,727)	(4,727)
Total contributions by and distributions to owners	-	-	(4,727)	(4,727)
Balance at 31 December 2020	75	2,622	4,844	7,541
Balance at 1 January 2021	75	2,622	4,844	7,541
Total comprehensive income for the period				
Profit for the year	-	-	9,771	9,771
Total comprehensive income for the period	-	-	9,771	9,771
Transactions with owners, recorded directly in equity				
Dividends	-	-	(5,505)	(5,505)
Total contributions by and distributions to owners	-	-	(5,505)	(5,505)
Balance at 31 December 2021	75	2,622	9,110	11,807

Consolidated Cash Flow Statement

for year ended 31 December 2021

	<i>Note</i>	2021 £000	2020 £000
Cash flows from operating activities			
Profit for the year		5,757	5,948
Adjustments for:			
Depreciation, amortisation and impairment	10/11	1,458	1,509
Fair value gains and losses on foreign exchange contracts	23	(2)	815
Taxation charged	8	1,580	1,915
Finance costs	7	340	426
		<u>9,133</u>	<u>10,613</u>
Decrease in trade and other debtors	15	571	493
(Increase)/decrease in stocks	14	(1,080)	(835)
(Decrease)/increase in trade and other creditors	16	1,572	2,404
		<u>(1,388)</u>	<u>(3,329)</u>
Net cash from operating activities		<u>8,808</u>	<u>9,346</u>
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		-	14
Acquisition of tangible fixed assets	11	(1,285)	(362)
Net cash from investing activities		<u>(1,285)</u>	<u>(348)</u>
Cash flows from financing activities			
Proceeds from new loan	17	-	14,000
Interest paid	7	(340)	(426)
Repayment of borrowings	17	(6,000)	(9,875)
Dividends paid	9	(5,505)	(4,727)
Net cash from financing activities		<u>(11,845)</u>	<u>(1,028)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(4,322)</u>	<u>7,970</u>
Cash and cash equivalents at beginning of year		7,922	(48)
Cash and cash equivalents at end of year		<u><u>3,600</u></u>	<u><u>7,922</u></u>

Notes

(forming part of the financial statements)

1 Accounting policies

Nelson & Russell Holdings Limited (the "Company") is a private limited company incorporated, domiciled and registered in England in the UK. The registered number is 03879349 and the registered address is Nelsons House, 83 Parkside, Wimbledon, London, SW19 5LP.

These Group and Company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Company financial statements have been applied:

- No separate Company cash flow statement with related notes is included;
- Key management personnel compensation has not been included a second time;
- Certain disclosures required by FRS 102.26 Share Based Payments; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investment property, tangible fixed assets and intangible assets measured in accordance with the revaluation.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Notes (continued)**1.2 Basis of consolidation (continued)**

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.3 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.4 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts in order to assess going concern which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through its existing overdraft facility and revolving credit facility to meet its liabilities as they fall due during the going concern assessment period. The existing facilities are due to expire in February 2023, and the cash flow forecasts assume that these facilities will be successfully refinanced. Whilst such facilities have not yet been formally agreed and committed, the Group's lenders have indicated that they expect to refinance the existing facilities on at least the same terms as are currently available.

The Directors therefore have a reasonable expectation that the Group will have adequate resources and facilities to continue in operational existence and meet all liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements. Therefore, these financial statements have been prepared on a going concern basis.

Notes (continued)**1.5 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.6 Intangible assets, goodwill and negative goodwill***Goodwill***

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Intangible asset: 30 years

The basis for choosing this useful life is that this is the length of the contracted Bach Centre agreement.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 30 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of Assets when there is an indication that goodwill or an intangible asset may be impaired.

Notes (continued)**1.7 Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.18 below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 50 years
- Leasehold buildings over the term of the lease
- Plant and equipment 8 years
- Fixtures and fittings 8 years
- Computer equipment 3 to 5 years
- Computer software 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

1.8 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss. Property rented to a group entity is accounted for as tangible fixed assets. Investment property for the group represents rental to a third party in Nelsons House.

Properties rented to another group entity

In the Company accounts, investment properties rented to another Group entity are remeasured to fair value at the reporting date, with any gains or losses arising being recognised in the profit or loss in the period they arise.

Notes (continued)**1.9 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the Company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.10 Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

Notes (continued)

1.12 Classification of financial instruments issued by the Group and the Company

In accordance with FRS 102.22, financial instruments issued by the Group and the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.13 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.14 Other financial instruments

Financial instruments not considered to be Basic Financial Instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Notes (continued)**1.14 Other financial instruments (continued)***Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income ("OCI"). Any ineffective portion of the hedge is recognised immediately in profit or loss.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied – see above), the associated cumulative gain or loss is removed from the cash flow hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged items, the associated cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Net investment hedges

Where the hedged item is the translation risk for the net assets of overseas subsidiaries in the consolidated financial statements, the Group may designate borrowings in the same currency as that overseas subsidiary's functional currency as a hedging instrument. In that case, the effective portion of the hedge is recognised in other comprehensive income, and only the ineffective portion of the hedging item's translation value is recorded in profit or loss.

Cumulative exchange differences recognised in OCI relating to a hedge of a net investment in a foreign operation shall not be reclassified to profit or loss on disposal or partial disposal of that foreign operation.

Notes (continued)**1.15 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)**1.16 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.17 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.18 Operating leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.19 Foreign Exchange

Transactions in currencies other than sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.20 Alternative performance measures

In order to provide further information on the underlying performance of the Group, certain alternative performance measures ("APMs") have been used. The measures are not defined under FRS 102 and they may not be directly comparable with other companies' adjusted measures. These non-GAAP measures are not intended to be a substitute for, or superior to, any GAAP measure of performance, but have been included as the Directors consider them to be helpful measures used within a business for assessing the underlying performance of the Group's ongoing business. The Group's APM is 'Group EBITDA', which is defined as operating profit before depreciation of fixed assets, amortisation of intangibles, and other adjusting items, and is reconciled on the face of the Consolidated Profit and Loss account.

Adjusting items represent are classified as those items which are separately identified by virtue of their size or nature to allow a full understanding of the underlying performance of the Group. Further detail of these items can be found in note 4 to the accounts.

1.21 Restatements

In the year ended 31 December 2020, the entity presented certain costs associated with the fair value of consideration for turnover, within administrative expenses and cost of sales instead of reducing turnover. In the current year these costs have been restated to be correctly recognised within turnover. Accordingly, the comparative figures for the year ended 31 December 2020 have been restated. Turnover has decreased by £2,925,000, cost of sales has decreased by £638,000 and administrative expenses have decreased by £2,287,000 as a result of this change. This restatement had no effect on (loss)/profit for the financial year and net assets for the year ended 30 December 2020.

Notes (continued)**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical estimates

The following estimates have had the most significant effect on amounts recognised in the financial statements.

Stock provisioning

The Group manufactures and sells natural healthcare products and is subject to changing consumer demands, export/import guidelines and product sell-by dates. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future raw materials.

Recoverability of trade receivables

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience.

Notes (continued)**3 Turnover**

	2021	2020 restated
	£000	£000
Sale of goods	64,491	57,606
	<u>64,491</u>	<u>57,606</u>
	<u><u>64,491</u></u>	<u><u>57,606</u></u>
	2021	2020
	£000	£000
By geographical market		
United Kingdom	17,456	14,133
Europe	27,326	25,553
America	10,647	8,980
Rest of World	9,062	8,940
	<u>64,491</u>	<u>57,606</u>
	<u><u>64,491</u></u>	<u><u>57,606</u></u>

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2021	2020
	£000	£000
Exchange losses	388	910
Depreciation of owned tangible fixed assets	1,216	1,266
Amortisation of intangible fixed assets	243	243
Operating lease charges	1,120	735
	<u>1,120</u>	<u>735</u>
	<u><u>1,120</u></u>	<u><u>735</u></u>

Notes (continued)**4 Expenses and auditor's remuneration (continued)****Auditor's remuneration:**

	£000	£000
Audit of these financial statements	5	10
Amounts receivable by the company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	84	55
All other services	-	1
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Production	58	69
Sales and administration	267	237
	<u> </u>	<u> </u>
	325	306
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£000	£000
Wages and salaries	20,501	18,312
Social security costs	2,618	1,965
Pension costs	1,212	974
	<u> </u>	<u> </u>
	24,331	21,251
	<u> </u>	<u> </u>

Notes (continued)

6 Directors' remuneration

	2021	2020
	£000	£000
Directors' remuneration	1,495	2,619
Company contributions to defined contribution schemes	50	65
	<u>1,545</u>	<u>2,684</u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid Director was £602,000 (2020: £1,074,000), and company pension contributions of £Nil (2020: £8,000) were made to a defined contribution scheme on his/her behalf.

Compensation to Directors in respect of loss of office amounted to £Nil (2020: £845,000).

7 Interest payable and similar expenses

	2021	2020
	£000	£000
Interest on bank overdrafts and loans	340	426
	<u>340</u>	<u>426</u>
Total other interest payable and similar expenses	340	426
	<u>340</u>	<u>426</u>

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021	2020
	£000	£000
<i>Current tax</i>		
Current tax on income for the period	1,429	1,916
Adjustments in respect of prior periods	56	(1)
	<u>1,485</u>	<u>1,915</u>
Total current tax	1,485	1,915
<i>Deferred tax (see note 19)</i>		
Origination and reversal of timing differences	55	-
Deferred tax rate change	40	-
	<u>95</u>	<u>-</u>
Total tax	<u>1,580</u>	<u>1,915</u>

Notes (continued)**8 Taxation (continued)**

	£000	2021 £000	£000	£000	2020 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	1,485	95	1,580	1,915	-	1,915
Recognised in other comprehensive income	-	-	-	-	-	-
Total tax	1,485	95	1,580	1,915	-	1,915

Analysis of current tax recognised in profit and loss

	2021 £000	2020 £000
UK corporation tax	1,580	1,823
Foreign tax	-	92
Total current tax recognised in profit and loss	1,580	1,915

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	5,757	5,948
Total tax expense	1,580	1,915
Profit excluding taxation	7,337	7,863
Tax using the UK corporation tax rate of 19% (2020: 19%)	1,394	1,494
Tax effect of expenses that are not deductible in determining taxable profit	90	170
Unutilised tax losses carried forward	-	205
Adjustment in respect of prior years	56	(1)
Permanent capital allowances in excess of depreciation	-	47
Deferred tax rate change	40	-
Total tax expense included in profit or loss	1,580	1,915

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset as at 31 December 2021 was calculated at 25% (2020: 19%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

Notes (continued)**9 Dividends**

	2021	2020
	£000	£000
Paid during the year	5,505	4,727

10 Intangible assets and goodwill**Group**

	Goodwill £000	Patents and trade marks £000	Total £000
Cost			
Balance at 1 January 2021	9,575	8,958	18,533
Additions	-	-	-
Balance at 31 December 2021	9,575	8,958	18,533
Amortisation and impairment			
Balance at 1 January 2021	9,575	8,227	17,802
Amortisation for the year	-	243	243
Balance at 31 December 2021	9,575	8,471	18,046
Net book value			
At 1 January 2021	-	731	731
At 31 December 2021	-	487	487

The Company has no intangible assets.

Notes (continued)**11 Tangible fixed assets**

Group	Land and buildings £000	Plant and Equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 January 2021	7,300	7,208	12,460	26,969
Additions	145	171	969	1,285
Disposals	(92)	(1,325)	(4,446)	(5,863)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	7,353	6,054	8,983	22,390
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
Balance at 1 January 2021	1,301	5,715	10,871	17,887
Depreciation charge for the year	102	366	747	1,215
Disposals	(92)	(1,325)	(4,446)	(5,863)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	1,311	4,756	7,172	13,240
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 January 2021	5,999	1,493	1,589	9,081
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2021	6,042	1,298	1,811	9,151
	<hr/>	<hr/>	<hr/>	<hr/>

The Company has no tangible fixed assets.

12 Investment property

Group	2021 £000
Balance at 1 January and 31 December 2021	2,676
	<hr/>
	2021
Company	£000
Balance at 1 January and 31 December 2021	8,650
	<hr/>

The fair value of the investment property has been arrived at on the basis of a valuation as at 31 December 2021 by Aspan property developers & investors, who are not connected with the Company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The Directors are of the opinion that this is still the current market value.

Notes (continued)**13 Fixed asset investments**

Company	Shares in group undertakings £000
Cost or valuation	
At 1 January 2021 and 31 December 2021	9,697
Net book value	
At 1 January 2021 and 31 December 2021	9,697

Company

Details of the Company's subsidiaries at 31 December 2021 are as follows:

	Registered office address	Principal activity	Class and percentage of shares held	
			Group	Company
A Nelson & Co Limited	Nelsons House, 83 Parkside, Wimbledon, London, SW19 5LP	Sale of natural healthcare products	Ordinary, 100%	Ordinary, 100%
Bach Flower Remedies Limited	As above	Licencing of trademarks	Ordinary, 100%	
Nelson Pharmacies Limited	As above	Sale of natural healthcare products	Ordinary, 100%	
Spatone Limited	As above	Sale of spa water	Ordinary, 100%	Ordinary, 100%
Natural Science.com Limited	As above	Dormant	Ordinary, 100%	Ordinary, 100%
Nelsons GmbH	Heegbarg, 2 D- 22391, Hamburg	Commissionaire for natural sales of medicines	Ordinary, 100%	
Nelson Pharmacies (Ireland) Limited	Grafton Buildings, 34 Grafton Street, Dublin 2, Republic of Ireland	Dormant	Ordinary, 100%	Ordinary, 100%
Laboratoire Famdem SAM	Le Patio Palace, 41, Avenue, Hector Otto, Monaco	Distribution of natural healthcare products	Ordinary, 51%	Ordinary, 51%
Nelson Bach USA Limited	21 High Street, North Andover, MA 01845	Sale of natural healthcare products	Ordinary, 100%	

Bach Flower Remedies Limited, Nelson Pharmacies Limited and Spatone Limited are exempt from audit for the financial period ended 31 December 2021 pursuant to Section 479A of the Companies Act 2006.

Notes (continued)**14 Stocks**

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Raw materials and consumables	2,045	2,375	-	-
Finished goods	6,534	5,124	-	-
	<u>8,579</u>	<u>7,499</u>	<u>-</u>	<u>-</u>

15 Debtors

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Trade debtors	12,361	12,698	-	-
Amounts owed by group undertakings	-	-	10,205	10,259
Other debtors	194	1,020	35	385
Prepayments	1,024	432	-	-
Corporation tax	42	-	-	-
	<u>13,621</u>	<u>14,150</u>	<u>10,240</u>	<u>10,644</u>
Due within one year	13,621	14,150	10,240	10,644
Due after more than one year	-	-	-	-
	<u>13,621</u>	<u>14,150</u>	<u>10,240</u>	<u>10,644</u>

16 Creditors: amounts falling due within one year

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Overdrafts	-	-	3,751	-
Trade creditors	5,213	3,870	-	-
Amounts owed to group undertakings	-	-	4,361	6,824
Taxation and social security	180	499	-	-
Corporation tax payable	-	142	-	-
Derivative financial instruments	30	32	-	-
Other creditors	581	865	-	-
Accruals	6,991	5,975	58	58
	<u>12,995</u>	<u>11,383</u>	<u>8,170</u>	<u>6,882</u>

Notes (continued)**17 Creditors: amounts falling due after more than one year**

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Bank loans	8,000	14,000	8,000	14,000
	<u>8,000</u>	<u>14,000</u>	<u>8,000</u>	<u>14,000</u>

18 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Creditors falling due after more than 1 year				
Secured bank loans	8,000	14,000	8,000	14,000
	<u>8,000</u>	<u>14,000</u>	<u>8,000</u>	<u>14,000</u>

The HSBC revolving credit facility has a variable interest rate which references the SONIA screen rate for the relevant drawdown period (average of 0.1795%) and is repayable by February 2023.

19 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	-	95	-	-	-	(95)
Unused tax losses	454	454	-	-	(454)	(454)
Investment property	-	-	675	675	675	675
	<u>(454)</u>	<u>(549)</u>	<u>675</u>	<u>675</u>	<u>221</u>	<u>126</u>
Net tax (assets) / liabilities						

Notes (continued)**19 Deferred tax assets and liabilities (continued)**

Company	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Accelerated capital allowances	-	-	1	1	1	1
Investment property	-	-	609	609	609	609
Net tax (assets) / liabilities	-	-	610	610	610	610

There were no deferred tax movements in the year.

20 Employee benefits**Defined contribution plans**

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £1,212,000 (2020: £974,000)

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

21 Capital and reserves

	Group and company	
	2021	2020
	£000	£000
Ordinary share capital Issued and fully paid 150,000 ordinary shares of £0.50 each	75	75
	75	75

The Ordinary 'A' shares in issue rank pari passu with the Ordinary share capital, save that they are not entitled to vote or receive a dividend with a restricted right to capital on disposal.

The profit and loss reserve represents the cumulative realised profits or losses net of dividends paid and other adjustments.

The revaluation reserve represents the cumulative effects of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

The other reserve represents the FRS 102 reclass of the investment property which are revalued to fair value at each reporting date.

Notes (continued)**22 Operating leases***Leases as a lessee*

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Less than one year	1,072	961	-	-
Between one and five years	2,727	3,257	-	-
More than five years	1,193	1,192	-	-
	<u>4,992</u>	<u>5,410</u>	<u>-</u>	<u>-</u>

During the year £1,120k (2020: £735k) was recognised by the Group as an expense in the profit and loss account in respect of operating leases.

Leases as a lessor

Non-cancellable operating lease rentals are receivable as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Less than one year	156	138	-	-
Between one and five years	156	-	-	-
More than five years	-	-	-	-
	<u>312</u>	<u>138</u>	<u>-</u>	<u>-</u>

During the year rent of £156k (2020: £138k) was recognised by the Group as an income in the profit and loss account in respect of operating leases with Viking River Cruises UK Limited.

23 Financial instruments**24 (a) Carrying amount of financial instruments measured at fair value**

The carrying amounts of the financial assets and liabilities measured at fair value include:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Assets measured at fair value through profit or loss	-	-	-	-
Liabilities measured at fair value through profit or loss:	30	32	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)**24 (a) Carrying amount of financial instruments measured at fair value (continued)**

The fair value of forward exchange contracts is based on their market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract, using a risk-free interest rate.

24 (b) Net debt

The below is an analysis of changes in net debt of the Group from the beginning to the end of the current reporting period:

Group	Borrowings due within one year £000	Borrowings due after one year £000	Subtotal £000	Cash and cash equivalents £000	Net debt £000
Net debt analysis					
Balance at 1 January 2021	-	(14,000)	(14,000)	7,922	(6,078)
Cash flows		6,000	6,000	(4,322)	1,678
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021		(8,000)	(8,000)	3,600	(4,400)

24 Related parties**Group**

	2021 £000	2020 £000
Sales to Juno Laboratories Pty Ltd	3,477	508
Balance owing from Juno Laboratories Pty Ltd	1,017	-

Garry Watts, Chairman of Nelson & Russell Holdings Limited, is a shareholder of Juno Laboratories Pty Ltd.

	2021 £000	2020 £000
Key management emoluments including social security	1,545	2,684

The compensation of key management personnel relates solely to Directors.

Company

	2021 £000	2020 £000
Rental income received from A Nelson & Co Ltd	375	375

Notes (continued)

25 Financial commitments, guarantees and contingent liabilities

The company has given a £4,000,000 Composite Company Unlimited Multilateral Guarantee, together with A Nelson & Co Limited, Bach Flower Remedies Limited, Spatone Limited, Natural Science.com Limited, Nelson Pharmacies Limited, Nelson Bach USA Limited and Nelsons GmbH, to HSBC Bank Plc as security for a bank loan and overdraft facility.

Nelson & Russell Holdings Limited entered into a £14,000,000 senior facilities agreement with HSBC Bank. The facility expires in February 2023 and is secured by way of a floating charge over all the assets of the Company in favour of HSBC Bank Plc dated 6 February 2020. The facility was extended by £6,000,000 on 20 May 2020. At 31 December 2021 the total debt amounted to £8,000,000 (2020: £14,000,000).

At the balance sheet date the Group was committed to sell the following forward foreign exchange contracts in 2021:

Foreign currency	Amount committed	Average rate
EUR	3.298m	1.2434
USD	3.224m	1.3941

26 Ultimate parent company and parent company of larger group

The ultimate controlling parties are the Directors Mr Robert Wilson and Mr Patrick Wilson by virtue of their control or interest in the issued equity share of the Company.

The largest group in which the results of the Company and its Group are consolidated is that headed by Nelson & Russell Holdings Limited, Nelsons House, 83 Parkside, Wimbledon, London, SW19 5LP. No other group financial statements include the results of the Company.