

Principle Healthcare International Limited

Registered number: 05019943

Annual report and financial statements

For the year ended 31 December 2022

PRINCIPLE HEALTHCARE INTERNATIONAL LIMITED

COMPANY INFORMATION

Director	A M Davies
Registered number	05019943
Registered office	Airedale Business Centre Millennium Road Skipton North Yorkshire BD23 2TZ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor 3 Wellington Place Leeds LS1 4AP
Bankers	National Westminster Bank PLC Exchange Buildings High Street Skipton BD23 1JA

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**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Introduction

The director presents his strategic report for Principle Healthcare International Limited ('the Company') for the year ended 31 December 2022.

Business review

The principal activity of the Company is the development, marketing and distribution of branded vitamins, minerals and food supplements.

The key global markets that the company trades within have plateaued post 2021 COVID spike. The Company's strategy has been on sustainable branded products via distributors or direct to pharmacy chains outside of the EU. The Company saw lower than anticipated turnover, prominently driven by Sri-Lanka's economic situation, overstocks within international markets post COVID and rising product costs driven by global economic pressures.

Within the UK Market, with the inflation and cost of living crisis situation, the company is in a strong position with the discounters it serves and growth seen within these customers. Commodity (Private Label) products are becoming more competitive markets to compete within. As per the group strategic intent, the company is focusing more on the growth of its own group brands.

All products are registered within markets via the Ministry of Health.

Post COVID-19 pandemic the market has been saturated with immunity and general health vitamins, due to the ministry of health relaxation of rules and regulations allowing competition to be fierce.

Principal risks and uncertainties

Risk identification and management is of key concern for senior management of the Company. Regular reviews are undertaken by the Director of the Company to ensure that all potential risks are identified, categorised and the necessary actions taken to minimise the financial and/or reputational impact.

As anticipated 2022 saw world-wide commodity pricing struggles and availability on certain raw materials scarce, coupled with plastic, paper, energy and fuel costs increases, were the key risks for the year of 2022. We anticipate for the first three quarters of 2023 these issues to continue.

The Vitamins, Minerals and Supplements (VMS) market will remain very challenging for the next year. Regulations from the UK and EU continue to affect products, labelling, wording and claims. Expectations on suppliers from Multiples are ever increasing on their own brands. Major Multiples continue to dominate the market with pricing and promotions seriously affecting the smaller retailers. Further price increases on raw materials are anticipated with reluctance by Major Multiples to accept increases there will be continued erosion of margin. It is also known that increasing Standards from the British Retail Consortium / International Food Standards will continue to be applied and will cause further reduction in the number and quality of serious VMS suppliers in the UK.

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Financial key performance indicators

The key financial performance indicators are:

	12 months ended 31 December 2022 £	12 months ended 31 December 2021 £
Turnover	1,987,545	2,373,276
Gross Profit	849,477	1,036,725
Profit before tax	<u>362,775</u>	<u>1,496,258</u>

Other key performance indicators

The director considers key international markets to be a key performance indicator. The Company is committed to increasing its share of the market.

Training is a key performance indicator of the company and will continue to be a key focus.

The Company's subsidiaries continued to perform well and dividends totalling £512,069 (2021: £1,305,279) were received during the year and are included within the profit before tax noted above.

This report was approved by the board on 27 June 2023 and signed on its behalf.

A M Davies
Director

**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2022**

The director presents his report and the financial statements for the year ended 31 December 2022.

Director's responsibilities statement

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 period, after taxation, amounted to £362,775 (2021 - £1,459,114).

The Company declared dividends during the year of £Nil (2021 - £3,405,279).

Director

The director who served during the year was:

A M Davies

Future developments

The next year for the Company will be focussed on our customers and their needs and expectations. Working closely with our customers allows us to understand what products are required for us to innovate and develop. This will continue to be at the forefront of our trading developments with our customers.

Financial instruments

The main financial risks to which the company has exposure are interest rate and foreign currency risk.

DIRECTOR'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2022

Going concern

The Director of the Company has undertaken an assessment of future trade taking into account probable and possible business risks. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company is in a strong position giving the Director a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is able to face future challenges. As such the Director is satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

Matters covered in the Strategic Report

Certain information not shown in the Director's Report is shown in the Strategic Report instead in accordance with Section 414C(11) of the Companies Act 2006. This includes a business review and principal risks and uncertainties.

Disclosure of information to auditor

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- 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 year-end the company declared dividends totalling £1,115,490.

Auditor

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

This report was approved by the board on 27 June 2023 and signed on its behalf.

A M Davies
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE HEALTHCARE INTERNATIONAL LIMITED

Opinion

We have audited the financial statements of Principle Healthcare International Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 31 December 2022 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 UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 director 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 director is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE HEALTHCARE INTERNATIONAL LIMITED

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 Director's Report.

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE HEALTHCARE INTERNATIONAL LIMITED

Responsibilities of Director

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 director determines 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 director is 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 director intends either to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: Health and safety laws, the Bribery Act, GDPR, employment laws and the Food Safety Act 1990.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRINCIPLE HEALTHCARE INTERNATIONAL LIMITED

In addition, we evaluated the director's and 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 posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 the audit 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.

Christopher Hudson (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor

3 Wellington Place
Leeds
LS1 4AP

27 June 2023

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	1,987,545	2,373,276
Cost of sales		(1,138,068)	(1,336,551)
Gross profit		849,477	1,036,725
Distribution costs		(494,777)	(457,786)
Administrative expenses		(503,994)	(482,201)
Operating (loss)/profit	5	(149,294)	96,738
Income from fixed assets investments		512,069	1,305,279
Interest receivable and similar income	10	-	94,241
Profit before tax		362,775	1,496,258
Tax on profit	11	-	(37,144)
Profit for the financial period		362,775	1,459,114

There were no recognised gains and losses for 2022 or 2021 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 12 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	13	1,059,848	1,059,848
		<u>1,059,848</u>	<u>1,059,848</u>
Current assets			
Stocks	14	199,247	218,678
Debtors: amounts falling due within one year	15	1,032,412	755,769
Cash at bank and in hand	16	24,687	166,404
		<u>1,256,346</u>	<u>1,140,851</u>
Creditors: amounts falling due within one year	17	(151,603)	(398,883)
Net current assets		<u>1,104,743</u>	<u>741,968</u>
Total assets less current liabilities		<u>2,164,591</u>	<u>1,801,816</u>
Net assets		<u>2,164,591</u>	<u>1,801,816</u>
Capital and reserves			
Called up share capital	18	5,000	5,000
Profit and loss account	19	2,159,591	1,796,816
		<u>2,164,591</u>	<u>1,801,816</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 June 2023.

A M Davies
Director

The notes on pages 12 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	5,000	3,742,981	3,747,981
Comprehensive income for the year			
Profit for the year	-	1,459,114	1,459,114
Total comprehensive income for the year	-	1,459,114	1,459,114
Dividends: Equity capital	-	(3,405,279)	(3,405,279)
At 1 January 2022	5,000	1,796,816	1,801,816
Comprehensive income for the year			
Profit for the year	-	362,775	362,775
Total comprehensive income for the period	-	362,775	362,775
At 31 December 2022	<u>5,000</u>	<u>2,159,591</u>	<u>2,164,591</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

1. General information

Principle Healthcare International Limited ("the Company") is a private company, limited by shares, registered in England and Wales and incorporated in the United Kingdom with registration number is 05019943. The address of its registered office is Airedale Business Centre, Millennium Road, Skipton, North Yorkshire, BD23 2TZ.

The principal activity of the Company is the development, marketing and distribution of branded vitamins, minerals and food supplements.

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 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Vitafy GMBH as at 31 December 2022 and these financial statements may be obtained from Radlkoferstraße 2, 81373 München, Germany.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of a state other than the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies act 2006.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.4 Going concern

The Director of the Company has undertaken an assessment of future trade taking into account probable and possible business risks. The period of assessment covers a period of at least 12 months from the date of the audit report. The Company is in a strong position giving the Director a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that it is able to face future challenges. As such the Director is satisfied that the Company remains a going concern and the financial statements have been prepared on the going concern basis.

2.5 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 PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.6 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.

2.7 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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.8 Interest income

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

2.9 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.

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.11 Taxation

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 reporting 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 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Stocks

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

At each 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.

2.14 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.

2.15 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.16 Creditors

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

2.17 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.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

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

Critical judgements in applying the Company's accounting policies

The critical judgements that the director has made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impairment assets, the director has considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability and where applicable, the ability of the asset to be operated as planned.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a heightened possibility of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability management have considered factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

	2022 £	2021 £
United Kingdom	121,030	163,749
Rest of the world	1,866,515	2,209,527
	<u>1,987,545</u>	<u>2,373,276</u>

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Foreign currency exchange differences	<u>3,512</u>	<u>13,410</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the Company's financial statements	16,000	12,000

7. Employees

Staff costs, including director's remuneration, were as follows:

	2022 £	2021 £
Wages and salaries	427,075	362,162
Social security costs	47,093	38,460
Cost of defined contribution scheme	11,302	9,518
	<u>485,470</u>	<u>410,140</u>

The average monthly number of employees, including the director, during the period was as follows:

	2022 No.	2021 No.
Administration and Support	1	1
Sales	7	7
	<u>8</u>	<u>8</u>

8. Director's remuneration

	2022 £	2021 £
Director's emoluments	183,542	175,545
Company contributions to defined contribution pension schemes	3,960	4,087
	<u>187,502</u>	<u>179,632</u>

During the year retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

9. Income from investments

	2022 £	2021 £
Dividends received from unlisted investments	<u>512,069</u>	<u>1,305,279</u>

10. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	<u>-</u>	<u>94,241</u>

11. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	-	37,144
Total current tax	<u>-</u>	<u>37,144</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>37,144</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

11. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	<u>362,775</u>	<u>1,496,258</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	68,927	284,289
Effects of:		
Expenses not deductible for tax purposes	112	732
Other timing differences leading to an increase in taxation	54	126
Non-taxable income	(97,293)	(248,003)
Group relief surrendered	28,200	-
Total tax charge for the period/year	<u>-</u>	<u>37,144</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

12. Dividends

	2022 £	2021 £
Dividends paid on Ordinary shares	-	3,405,279

13. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	1,059,848
At 31 December 2022	1,059,848

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Principle Healthcare Limited	Airedale Business Centre, Millennium Road, Skipton, North Yorkshire, BD23 2TZ	Ordinary	100%
Innopharma s.r.o	Dunajská Streda 105, 929 01 Dunajská Streda, Slovakia	Ordinary	99.99%

14. Stocks

	2022 £	2021 £
Finished goods and goods for resale	199,247	218,678

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

15. Debtors

	2022 £	2021 £
Trade debtors	395,432	567,196
Amounts owed by group undertakings	626,471	184,466
Other debtors	10,069	4,107
Prepayments and accrued income	440	-
	<u>1,032,412</u>	<u>755,769</u>

Amounts due from group undertakings are interest free and repayable on demand..

16. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>24,687</u>	<u>166,404</u>

17. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	93,286	269,370
Corporation tax	-	37,144
Other taxation and social security	15,105	13,559
Accruals and deferred income	43,212	78,810
	<u>151,603</u>	<u>398,883</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

18. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
5,000 (2021 - 5,000) Ordinary shares of £1.00 each	<u>5,000</u>	<u>5,000</u>

19. Reserves

Profit & loss account

This reserve represents cumulative profits and losses.

20. Contingent liabilities

A fixed and floating charge dated 23 September 2021 is secured against all assets of the Company in favour of Wilmington Trust SP Services (Frankfurt) GMBH.

21. 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 £11,302 (2021 - £9,518). Contributions totalling £1,183 (2021 - £897) were payable to the fund at the reporting date and are included in creditors.

22. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	107,000	107,000
Later than 1 year and not later than 5 years	196,704	303,167
	<u>303,704</u>	<u>410,167</u>

Rental charges on the property commitment are recharged to a fellow group Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

23. Related party transactions

The company has taken advantage of the exemption available in section 33 of FRS 102 "The Financial Reporting Standard applicable in the UK and Republic Ireland" related party disclosures from the requirement to disclose transactions with wholly owned group companies. The Company continues to report transactions with fellow group companies until the date that they are wholly owned. The consolidated financial statements of Vitafy GMBH can be obtained from Vitafy GMBH, Radlkoferstraße 2, 81373 München, Germany.

24. Post balance sheet events

Following the year-end the company declared dividends totalling £1,115,490.

25. Immediate and ultimate parent company and controlling party

The immediate parent company is EVP Group Gmbh, a company incorporated in Germany.

The ultimate parent company is Vitafy GMBH, a company incorporated in Germany.

In the opinion of the director there is no single ultimate controlling party.

The consolidated financial statements of Vitafy GMBH can be obtained from Vitafy GMBH, Radlkoferstraße 2, 81373 München, Germany.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.