

Bee Health Limited
Strategic Report, Report of the Directors and
Financial Statements
for the Year Ended 31 December 2022

SMH Jolliffe Cork Audit Ltd
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

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for the year ended 31 December 2022**

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Bee Health Limited

Company Information for the year ended 31 December 2022

DIRECTORS:

Mr A D Purvis
Ms J A Cheng
Mr J K Leishman

REGISTERED OFFICE:

Fieldfisher
Riverbank House
2 Swan Lane
London
EC4R 3TT

REGISTERED NUMBER:

06653237 (England and Wales)

AUDITORS:

SMH Jolliffe Cork Audit Ltd
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

BANKERS:

Lloyds TSB Bank Plc
9 Marina Court
Hull
HU1 1TJ

**Strategic Report
for the year ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

Business Review and Results

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at year end. Our review is written in the context of the risks and uncertainties that we face.

The results of the company for the year are as follows:

	31.12.2022 £m	31.12.2021 £m
Sales	35.81	36.63
EBITDA	2.97	7.06
EBITDA margin	8.29%	19.27%

* EBITDA is calculated after discounting non-recurring costs.

The VMS sector like many other sectors continued to experience some difficult general trading conditions during the year and the industry faced on going challenges to trade and staffing caused by Brexit and Covid-19. The industry was impacted like many by rising inflation, impacting the price of goods, staffing costs, fuel & oil. The latter of which were heavily impacted by the Russian - Ukraine conflict. The impact of rising oil costs in particular had a significant impact on the company's material margin due to suppliers being hit with force majeure.

Despite these difficult trading conditions, the company still reported it's third strongest annual results and closed 2022 with a growing order book giving confidence of a return to growth in 2023. According to market studies the global nutritional supplements market is expected to continue growing year on year, the global supplements market is expected to expand at a compound annual growth rate (CAGR) of 4.48% from 2022 to 2027 (ReportLinker published January 2023) and the company is committed to growing sales & increasing profitability.

During 2021 the company was acquired by INW (Innovations in Nutrition and Wellness). INW is a US based leader in custom R&D, manufacturing and marketing support solutions for global brands that serves the fast growing nutrition and wellness industry.

Business environment

Since the Covid-19 virus pandemic, the health and wellbeing of our employees has remained of paramount importance and the company has continued to take robust measures to ensure that it is adhering to government advice and guidance. The business remained fully operational throughout the financial year and has coped well with the challenges the pandemic has created.

Once again, the company wishes to place on record its sincere gratitude and appreciation to all of its employees for their dedication, commitment and hard work, during such challenging times.

The economic environment is faced with inflationary pressures caused by the increase in the prices of raw materials, costs relating to Brexit, fuel and gas prices and increasing pressure due to the cost of living on the national living wage. Like many businesses we are facing challenges with recruitment and staffing, and a high level of competition for skilled staff.

As previously reported, the VMS and specialist health foods sector struggled to maintain the growth experienced in 2020 as a result of COVID-19, however, the industry continues to show significant resilience to general retail market pressures; in particular, e-commerce retailers continue to challenge established market dynamics with the ability to react quickly in bringing innovative products to market.

**Strategic Report
for the year ended 31 December 2022**

The company is strategically positioned to benefit from these evolving changes by maintaining industry leading service levels and by providing a fully bespoke contract manufacturing offering which incorporates; new product development, short formulation and manufacturing lead times, national and international regulatory advice and having the ability to manufacture a wide range of high quality product formats at competitive prices.

In order to maintain its point of differentiation the company seeks to operate with optimum operational flexibility and manufacturing capacity, thereby enabling it to respond promptly to fast changing consumer trends and customer demands.

Corporate Strategy Business Outlook

After a difficult trading period during the second half of 2022 the company ended FY22 with an improving order book, but uncertainties around economic and inflationary pressure and its impact on the wider economic environment and staffing remain challenging.

To address these challenges, the company continues to improve its grading structure and learning and development initiatives, to ensure it is able to maintain and enhance its career progression opportunities and become an employer of choice within the local community.

The company has made changes to its executive team and also invested in its sales and commercial teams to ensure it is well positioned to execute its strategic objectives for growth in the coming year.

The company continues to manage supply chain risks and rising inflation and prices through execution of a carefully managed pricing initiatives alongside further investments in technology and equipment to ensure operational efficiencies and innovation are industry leading. The Directors and senior management continually review it's cost structure and overhead expenses to improve profitability by promoting efficiency throughout the organisation. The company expects to benefit for scale efficiencies through it's partnership with INW.

By combining with INW, the company will now be even better positioned to meet the industry's fast evolving needs. INW and Bee Health's highly complementary product capabilities and geographic scope will further enhance the services provided to customers. Additionally, the owner of INW, Cornell Capital, has significant expertise in the consumer and industrial sectors, further increasing our confidence that the company will further develop its range of formulations and product offerings.

INW aims to be the premier solutions partner delivering best in class products across the spectrum of health and wellness, with unmatched product capabilities and industry leading quality & regulatory assistance.

The company continues to evolve it's strategy, vision and values with a clear focus on putting people at the heart of every strategic decision made.

KEY PERFORMANCE INDICATORS

The company operates a range of financial KPIs which it monitors daily/weekly at management level and monthly at Board level. The KPIs include, but are not limited to, the following:

KPI	31.12.2022	31.12.2021
EBITDA as % of sales	8.29%	19.27%
Gross profit as a % of sales	20.7%	29.8%
Stock turn	6.0x	5.4x
Overheads as a % of sales	12.5%	10.5%

**Strategic Report
for the year ended 31 December 2022**

PRINCIPAL RISKS AND UNCERTAINTIES

The execution of the company's corporate strategy and the management of its annual business plan are subject to a number of risks and uncertainties which are routinely monitored and reviewed by the Board. Appropriate processes are implemented to manage and mitigate such risks and uncertainties.

The principal risks and uncertainties include the following;

Liquidity risk

The company operates both sterling and non-sterling bank accounts and has appropriate cash resources in place to support its budgeted working capital requirements. The company continues to generate strong cash flow.

The company has rigorous business modelling and cash flow forecasting processes which can identify cash requirements significantly ahead of time.

Foreign exchange risk

The company sources raw materials from a number of non-UK countries. The overwhelming majority of those purchases are acquired in either United States Dollars or Euros. The company's exposure to currency fluctuations is therefore, in the main, limited to these two currencies. Measures are in place to manage and mitigate such fluctuations by the operation of non-sterling bank accounts.

There are no financial instruments currently in place to hedge against overseas income and expenditure; however, the situation is kept under routine review.

Raw material price increases

The company is sensitive to fluctuations in raw material prices. Where possible the company mitigates against price fluctuations by forward contracting in line with foreseeable requirements.

Customer Base

The company remains conscious of the benefit of having a broad customer base and continues to routinely monitor its business mix.

Debt and cash

The company does not operate a bank overdraft facility. It has facilities to fund items of plant and equipment by way of asset finance arrangements, if required.

Changes in legislation

The company operates in a business sector that is sensitive to the impact of changes in food regulations, both in the UK and internationally.

Brexit

The company successfully put in place measures to mitigate the impact of the UK leaving the EU and will continue to routinely evaluate the current and potential future impact to ensure it continues to manage the risk and challenges posed, as well as ensuring advantage is taken of arising opportunities.

Technological Change

The company's IT systems provide a real time view of the business enabling trading and operational decisions to be based on high quality management information. On-going investment is being made in IT systems to ensure that they are able to continue to respond to the needs of the business. Recovery processes are in place to minimise the effects of damage or denial of access to the infrastructure or systems.

The company has invested in new software to provide a robust deterrence against emerging cyber threats alongside an actively managed internal security awareness program.

**Strategic Report
for the year ended 31 December 2022**

Employee Hiring and Retention

The company appreciates the need to attract and retain high calibre employees and seeks to do so through a combination of competitive basic salaries and targeted performance related bonuses. It also appreciates the need to provide employees with clear job progression opportunities and appropriate on-going training programmes.

As referenced in the corporate strategic outlook the company has invested significant resources and focus to its human capital expanding its Human Resources and Learning & Development team during 2022.

Supply Chain Risk

On going consideration is given to how Brexit, Covid-19 and the conflict in the Ukraine continue to impact the supply chain risk during FY23; however, the company continued to take appropriate steps to put implement mitigation policies, which limit any material impact.

Meanwhile, considerable effort is directed towards working with suppliers in order to manage the potential risk of interruptions and delays in supply that may adversely impact on trade.

In particular, the company continues to seek to maintain access to sufficient stocks of raw materials from a wide range of suppliers and destinations in order to deliver its business plan. This involves forward contracting and maintaining stock levels in line with known and anticipated requirements.

Service levels and warehouse handling systems are continuously monitored to ensure appropriate stock control processes are in place and that goods are delivered in a timely manner.

COVID-19

Whilst the initial impact of COVID-19 provided a degree of uncertainty, the company took measures and adapted working practices to mitigate the impact. Whilst the continued existence of the virus provides a risk, the company is confident with the measures taken those on-going risks are not significant.

**Strategic Report
for the year ended 31 December 2022**

SECTION 172(1) STATEMENT

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which it operates, including the challenges of navigating through Brexit, COVID-19, the conflict in the Ukraine and current economic and inflationary challenges. The strategy and business plan is set by the Directors and approved by the Board annually and is intended to strengthen our position as a leading health and wellness company and our vision to become the global leading solutions partner to the sector, as set out in the Company's strategic review.

The Directors ensure that any decision is consistent with the groups developing ESG initiatives, safety and social responsibility is fundamental to our business approach.

The need to tackle climate change is high on our ESG agenda, this include ensuring our raw materials are sourced in a sustainable manner and our carbon footprint is continually monitored to mitigate the impact of the environment.

S172(1) (B) "The interests of the company's employees"

The Directors understand the importance of our employees to the long term success of the business and the delivery of our strategic ambitions and as mentioned in the strategic review are at the core of our business. The Success of our business depends on attracting, retaining and motivating employees. The Directors consider the implications of decisions on employees to ensure that we remain a responsible employer, from pay and benefits to health and safety and the workplace environment.

The Directors have always recognised the importance of communicating and engaging with its workforce. This is performed through a range of formal and informal channels, including via emails from the Directors and other senior executives, internal team meetings and huddle's, town halls and through the Company's in house digital media system.

The company is committed to the development of it's workforce and as noted in the strategic review has invested in Human Resources and Learning & Development including; new e-learning platforms, enhanced in house training, senior leadership six sigma and lean manufacturing training, a revamped digital induction process, new staff handbook, various questionnaires to appraise the work environment, exit interviews.

In addition to formal training, the company introduced online compliance and training modules to ensure the continued development of its staff alongside ensuring knowledge of important compliance areas such as anti-money laundering, IT security, UK bribery act to mention a few.

During 2022 the company undertook it's first employee engagement survey, and whilst happy with the results, we continue to look at how we can improve in all areas.

The Directors consider effective engagement a key element of its understanding of the Company's ability to create value as it recognises that our employees are our greatest asset. Workforce views can also help inform the Board on matters related to operational effectiveness, culture, risk identification and strategy development and delivery. The Directors consider the current workforce engagement approach is working effectively.

S172 (1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

The Directors are committed to ensuring efficacy of the supply chain, which is an important priority of the groups ESG initiatives. This is achieved through rigorous policies and procedures which are regularly reviewed to seek the promotion and application of key general principles with both existing and when entering new relationships.

The Directors and senior leadership are encouraged to communicate pro-actively to understand the issues and factors which are most important to all our stakeholders and integral to our success and continued innovation. The company uses tools such Mailchimp to regularly communicate to its customers and suppliers.

Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, distributors, business partners and regulators/governments (amongst others).

We put the customers at the heart of what we do and we do and pride ourselves with industry leading service levels and full service offering.

**Strategic Report
for the year ended 31 December 2022**

The company was successfully awarded accreditation for ISO 9001. ISO 9001 is the international standard that specifies requirements for a quality management system (QMS).

We understand that suppliers are critical to the effective operation of our business through to supply of product to our customers. We understand the importance of creating a collaborative and trusting environment with our suppliers. We regularly engage with our suppliers to help them with regulatory issues.

We understand the need to be at the forefront in understanding regulatory changes, government policy and relevant laws and regulations, particularly the regulations around nutritional products and how they vary across consumer markets so that's we can continue to be at the forefront in being a premium brand partner by offering market leading NPD solutions to our customers.

S172 (1) (D) - "The impact of the company's operations on the community and the environment"

The Directors are committed to the groups ESG initiatives and operating in a way that our workforce can be proud of, by ensuring that the needs of society and the wellbeing of our environment and future of our planet is forefront with our ethical values, business strategy and stakeholder engagement. We aim to minimise the environmental footprint of our products and processes and to constantly develop initiatives as part of the Company's 5 year Sustainability, Environmental & Energy plan which includes an initiative to become Carbon neutral.

We have a packaging waste policy and work hard to reduce the impact our packaging has on the environment through an internal waste management process.

We look to innovate products that will make a positive impact on the lives and wellbeing of our customers through continued investment in R&D.

We support the local community through a range of initiatives including local donations to charities and community sponsorship.

The company is currently undergoing ISO 45001 accreditation - ISO 45001 is the International standard for occupational Health & Safety management.

S172 (1) (E) - "The desirability of the company maintaining a reputation for high standards of business conduct"

The Directors take the reputation of the Group seriously, diversity and inclusion is a key part of Bee Health's culture. Employee safety and wellbeing is at the heart of the Company's 5 year Health & Safety strategy as are social, community and human rights issues.

We have a zero-tolerance approach to Modern Slavery, and we are committed to the prevention, deterrence and detection of Modern Slavery within our business and within our supply chain. It is our policy to conduct all business activities with honesty, integrity and at the highest possible ethical standards. We are fully committed to implementing and enforcing effective systems and controls within our business and within our supply chain to continually challenge our ability to combat Modern Slavery.

We have built a risk framework to measures to assess and monitor our supplier's conduct in respect to Modern Slavery and taken steps to ensure our supply chain processes and policies include specific prohibitions against the use of Modern Slavery.

S172 (1) (F) - "The need to act fairly as between members of the company "

The Board is clear that good governance and effective communication are essential on a day-to-day basis to deliver our purpose and to protect the company's brand, reputation and relationships with our stakeholder community including shareholders, customers, employees, suppliers and the local communities in which we work.

Bee Health is proud to be a trusted, ethical manufacturer and distributor of health and wellness products. We constantly innovate to meet our customers' needs.

Bee Health Limited (Registered number: 06653237)

**Strategic Report
for the year ended 31 December 2022**

Continued investment in our business, our people and our equipment and processes has enabled us to continue to deliver consistent financial growth and long term value for our investors.

ON BEHALF OF THE BOARD:

Mr A D Purvis - Director

24 May 2023

**Report of the Directors
for the year ended 31 December 2022**

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the formulation, contract manufacture and packaging of a wide range of vitamins, minerals, supplements ("VMS") and health food products. The company manufactures products in numerous formats including; tablets, capsules, soft gel capsules, liquids, serums, sprays, powders, gels and creams. The company also manufactures, retails and wholesales its own VMS and health food range of products under the FSC and Bee Health Propolis brands.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

Mr A D Purvis
Ms J A Cheng
Mr J K Leishman

Other changes in directors holding office are as follows:

Mr L Ryan - resigned 29 November 2022

There is a formal schedule of matters specifically reserved for the Board's routine monthly review and the Board's processes are structured such that directors have a regular opportunity to consider the company's strategy, policies, budgets, progress and financial position in order to be able to arrive at a balanced assessment of the company's position and prospects.

The Directors operate within governance guidance provided by Cornell Capital and the directors and senior management team monitor the Company's performance through a number of KPI's on a continual basis. Within this framework the Director's consider the interests of all key stakeholders.

GOING CONCERN

The Board is fully satisfied that, on the basis of the current financial year's performance to date, its strong cashflow and its robust financial projections, adequate finance is in place to ensure that the company is able to meet its financial obligations for a minimum of 12 months from the date of signing the financial statements. The company's position is further strengthened by its ownership structure as referenced on page 3, owing to the industry expertise of both the INW Manufacturing group and Cornell Capital.

EMPLOYEES

The company continues to develop programmes whereby employees are consulted and provided with feedback on both current activities and the general progress of the company.

The company supports the employment of disabled persons wherever possible through; recruitment, retention of those who may become disabled during the term of their employment and by career development generally having regard to particular aptitudes and abilities. It is also the company's policy to provide equal opportunities regardless of gender, race, religion, sexual orientation, or disability.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

At the end of 2021 we commenced the development of a comprehensive 5-year strategy to reduce and offset our carbon footprint. We will help the environment, fight climate change, and help make possible the transition to a clean energy future. Our offset projects will be third-party validated and verified to the highest standards and comply with the UN Sustainable Development Goals.

**Report of the Directors
for the year ended 31 December 2022**

We have commenced several initiatives during the year as part of our 5-year sustainability strategy, which we will continue to progress during the coming year around how to further develop the initiatives listed below and reduce the offset requirements to meet our strategy of being carbon neutral within 5 years.

Current carbon Saving Initiatives include:

Renewable energy

75% of the electricity purchased for the Bee Health site in the UK comes from renewable sources, supported by green energy certificates.

Requirement to go to 100% renewable energy, timelines for this are currently under consideration.

Automatic lighting

The automatic lighting controllers in both warehouse stores save energy by ensuring that lights are only in use when required.

LED lighting

We aim to replace all lighting with LED delivering a 50% reduction in our emissions from lighting.

Electric and hybrid vehicles

We continue to explore advances in technology to support the use of electric and hybrid vehicles to replace our current flatbed truck and van.

GHG emissions and energy usage data

	Year ended 31.12.2022	Year ended 31.12.2021
Electricity (kWh)	1,933,948	1,874,204
Associated GHG emissions from electricity - tCO ₂ e	373.99	397.94
Calor Gas (litres)	305,490	134,601
Associated GHG emissions from calor gas - tCO ₂ e	476.56	209.58
Kerosene (litres)	22,284	3,000
Associated GHG emissions from Kerosene - tCO ₂ e	56.60	7.62
Red Diesel (litres) (Gas Oil)	2,860	5,340
Associated GHG emissions from Red Diesel - tCO ₂ e	7.89	14.73
Diesel Company Vehicles (litres)	1,925.72	2,388.79
Associated GHG emissions from Diesel Company Vehicles - tCO ₂ e	5.20	6.46
F Gas emissions 2021 R404a (Kilos)	1.00	1.16
Associated Greenhouse gas emissions from F Gas emissions R404a - tCO ₂ e	3.92	4.55
Total GHG emissions - tCO₂e	924.16	640.88
Carbon intensity ratio (CO ₂ e of CO ₂ per tonne)	0.343	0.213

GHG emissions and energy usage data has been calculated in accordance with the GHG reporting protocols and government emission conversion factors. For the carbon intensity ratio, we have used CO₂e of CO₂ per tonne as this is a common business metric for our industry sector, this is the total GHG emissions per tonne of material used in production. The intensity ratio for 2022 is higher due to more consumption of energy mixed with lower production volumes. Some of the additional consumption is related to the enhancement during the year of air conditioning and factory air systems.

**Report of the Directors
for the year ended 31 December 2022**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, SMH Jolliffe Cork Audit Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr A D Purvis - Director

24 May 2023

Report of the Independent Auditors to the Members of Bee Health Limited

Opinion

We have audited the financial statements of Bee Health Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the 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 Auditors' 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Bee Health Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Report of the Independent Auditors to the Members of Bee Health Limited

Auditors' 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 a Report of the Auditors 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:

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement principal ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with the Directors and other informed management which we considered may have a direct material effect on the financial statements or the operations of the company and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with HMRC and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Auditors.

Report of the Independent Auditors to the Members of Bee Health Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of SMH Jolliffe Cork Audit Ltd
Chartered Accountants & Statutory Auditor
33 George Street
Wakefield
West Yorkshire
WF1 1LX

24 May 2023

Bee Health Limited (Registered number: 06653237)**Income Statement
for the year ended 31 December 2022**

		2022	2021
	Notes	£	£
TURNOVER	3	35,808,232	36,626,883
Cost of sales		<u>28,384,736</u>	<u>25,718,976</u>
GROSS PROFIT		7,423,496	10,907,907
Administrative expenses		<u>5,614,289</u>	<u>4,472,905</u>
		1,809,207	6,435,002
Other operating income		<u>4,444</u>	<u>7,247</u>
OPERATING PROFIT	5	1,813,651	6,442,249
Exceptional costs	7	<u>222,385</u>	<u>587,769</u>
		1,591,266	5,854,480
Interest receivable and similar income		<u>40</u>	<u>25</u>
		1,591,306	5,854,505
Interest payable and similar expenses	8	<u>-</u>	<u>651</u>
PROFIT BEFORE TAXATION		1,591,306	5,853,854
Tax on profit	9	<u>111,655</u>	<u>1,210,126</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,479,651</u>	<u>4,643,728</u>

The notes form part of these financial statements

Bee Health Limited (Registered number: 06653237)

**Other Comprehensive Income
for the year ended 31 December 2022**

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		1,479,651	4,643,728
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,479,651</u>	<u>4,643,728</u>

The notes form part of these financial statements

Bee Health Limited (Registered number: 06653237)

Balance Sheet
31 December 2022

		2022		2021	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	11		4,144		3,256
Tangible assets	12		5,027,179		5,067,581
			5,031,323		5,070,837
CURRENT ASSETS					
Stocks	13	2,882,462		3,470,517	
Debtors	14	6,464,409		5,351,419	
Cash at bank and in hand		6,979,495		4,924,717	
		16,326,366		13,746,653	
CREDITORS					
Amounts falling due within one year	15	5,230,019		4,337,208	
NET CURRENT ASSETS			11,096,347		9,409,445
TOTAL ASSETS LESS CURRENT LIABILITIES			16,127,670		14,480,282
PROVISIONS FOR LIABILITIES	17		578,816		411,079
NET ASSETS			15,548,854		14,069,203

The notes form part of these financial statements

Bee Health Limited (Registered number: 06653237)

Balance Sheet - continued
31 December 2022

		2022	2021
	Notes	£	£
CAPITAL AND RESERVES			
Called up share capital	18	1,000	1,000
Retained earnings	19	15,547,854	14,068,203
SHAREHOLDERS' FUNDS		<u>15,548,854</u>	<u>14,069,203</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 May 2023 and were signed on its behalf by:

Mr A D Purvis - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the year ended 31 December 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	1,000	15,424,475	15,425,475
Changes in equity			
Dividends	-	(6,000,000)	(6,000,000)
Total comprehensive income	-	4,643,728	4,643,728
Balance at 31 December 2021	<u>1,000</u>	<u>14,068,203</u>	<u>14,069,203</u>
Changes in equity			
Total comprehensive income	-	1,479,651	1,479,651
Balance at 31 December 2022	<u>1,000</u>	<u>15,547,854</u>	<u>15,548,854</u>

**Cash Flow Statement
for the year ended 31 December 2022**

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	4,307,031	4,172,415
Interest paid		-	(651)
Tax paid		(1,136,854)	(1,649,349)
Net cash from operating activities		<u>3,170,177</u>	<u>2,522,415</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(2,090)	(1,870)
Purchase of tangible fixed assets		(1,116,350)	(702,092)
Sale of tangible fixed assets		3,001	8,000
Interest received		40	25
Net cash from investing activities		<u>(1,115,399)</u>	<u>(695,937)</u>
Cash flows from financing activities			
Amount introduced by directors		-	6,000,000
Amount withdrawn by directors		-	(1,000,000)
Equity dividends paid		-	(6,000,000)
Net cash from financing activities		<u>-</u>	<u>(1,000,000)</u>
Increase in cash and cash equivalents		<u>2,054,778</u>	<u>826,478</u>
Cash and cash equivalents at beginning of year	2	4,924,717	4,098,239
Cash and cash equivalents at end of year	2	<u>6,979,495</u>	<u>4,924,717</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the year ended 31 December 2022**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	1,591,306	5,853,854
Depreciation charges	920,618	553,632
Loss on disposal of fixed assets	234,335	61,312
Finance costs	-	651
Finance income	(40)	(25)
	<u>2,746,219</u>	<u>6,469,424</u>
Decrease/(increase) in stocks	588,055	(25,442)
(Increase)/decrease in trade and other debtors	(516,908)	1,447,800
Increase/(decrease) in trade and other creditors	<u>1,489,665</u>	<u>(3,719,367)</u>
Cash generated from operations	<u>4,307,031</u>	<u>4,172,415</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>6,979,495</u>	<u>4,924,717</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>4,924,717</u>	<u>4,098,239</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank and in hand	<u>4,924,717</u>	<u>2,054,778</u>	<u>6,979,495</u>
	<u>4,924,717</u>	<u>2,054,778</u>	<u>6,979,495</u>
Total	<u>4,924,717</u>	<u>2,054,778</u>	<u>6,979,495</u>

**Notes to the Financial Statements
for the year ended 31 December 2022**

1. STATUTORY INFORMATION

Bee Health Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company's business address is Carnaby Industrial Estate, Lancaster Road, Carnaby, Bridlington, YO15 3QY.

The company's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are:

Estimated useful lives of intangible and tangible fixed assets

The annual amortisation and depreciation charges for intangible and tangible fixed assets is sensitive to changes in the estimated useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Change in accounting estimate during the year:

As noted, we actively review the condition and expected useful life of our plant and machinery. During November and December 2022, we performed a detailed review of our current and required operational capabilities to ensure the infrastructure in place was optimised and in line with production requirements for the coming. The review resulted in a change of accounting estimate and additional depreciation of £352,954 being charged in the year.

Stock provisions

When calculating the stock provisions or write offs, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability.

Impairment of debtors

The company 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 debtor, the ageing profile of debtors and historical experience.

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Turnover

Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and net of returns, value added tax and other sales taxes.

The company recognises the revenue when:

- The significant risks and rewards of ownership have been transferred to the buyer;
- The amount of revenue can be measured reliably; and
- Likely economic benefits will flow to the entity

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - fully amortised

Computer software

Website development costs incurred are capitalised and then amortised over the useful economic life of 5 years, determined on a straight line basis, with the first period of amortisation being when the software is fully developed and ready for use.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- Not provided
Freehold property improvements	- 4% on straight line
Leasehold property improvements	- Over the term of the lease
Plant and machinery	- 20% on straight line
Motor vehicles	- 25% on reducing balance
Computer equipment	- 35% on reducing balance

Fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

The freehold property is held at valuation and is professionally revalued at least every 5 years, with a valuation by the directors in the interim.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

The company has no 'Other financial assets'.

Financial assets are derecognised when (a) the contractual rights to the cashflows from the asset expire or are settled or (b) substantially all the risks and rewards of ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other creditors, hire purchase contracts and sales ledger financing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

The company has no 'Other financial liabilities'.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates an auto-enrolment pension scheme on behalf of its employees and makes defined contributions into the scheme. During the financial year the company also made employer contributions into a director's personal pension scheme. Contributions payable to these pension schemes are charged to the profit and loss account in the period to which they relate.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	34,141,751	33,836,138
Europe	1,404,478	1,532,321
United States of America	58,221	217,417
Rest of World	203,782	1,041,007
	<u>35,808,232</u>	<u>36,626,883</u>

4. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	8,018,460	6,883,367
Social security costs	731,530	583,458
Other pension costs	178,936	159,261
	<u>8,928,926</u>	<u>7,626,086</u>

The average number of employees during the year was as follows:

	2022	2021
Production	283	267
Administrative	42	40
	<u>325</u>	<u>307</u>

	2022	2021
	£	£
Directors' remuneration	<u>302,583</u>	<u>331,375</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>187,916</u>	<u>163,750</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£	£
Hire of plant and machinery	60,169	58,768
Other operating leases	110,218	78,445
Depreciation - owned assets	919,416	553,006
Loss on disposal of fixed assets	234,335	61,312
Computer software amortisation	1,202	625
Foreign exchange differences	<u>99,296</u>	<u>(42,649)</u>

6. AUDITORS' REMUNERATION

	2022	2021
	£	£
Fees payable to the company's auditor in respect of:		
Audit of the company's financial statements	32,000	33,100
Services relating to taxation	3,500	1,900
Other services	-	218
	<u>35,500</u>	<u>35,218</u>

7. EXCEPTIONAL ITEMS

	2022	2021
	£	£
Exceptional costs	<u>(222,385)</u>	<u>(587,769)</u>

During the year the company incurred costs of £222,385 in relation to business restructuring and employee retention.
During the comparative year the company incurred exceptional legal and professional fees relating to the sale of the company.

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Interest on corporation tax	<u>-</u>	<u>651</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	-	1,193,747
Over/under provision in prior period	<u>(56,082)</u>	<u>-</u>
Total current tax	<u>(56,082)</u>	<u>1,193,747</u>
Deferred tax	<u>167,737</u>	<u>16,379</u>
Tax on profit	<u><u>111,655</u></u>	<u><u>1,210,126</u></u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>1,591,306</u>	<u>5,853,854</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	<u>302,348</u>	<u>1,112,232</u>
Effects of:		
Expenses not deductible for tax purposes	3,240	102,174
Capital allowances in excess of depreciation	(50,939)	(4,280)
Adjustments to tax charge in respect of previous periods	(56,082)	-
Change in rate of tax	138,920	-
Group relief	<u>(225,832)</u>	<u>-</u>
Total tax charge	<u><u>111,655</u></u>	<u><u>1,210,126</u></u>

Tax rate changes

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). Although this new law was substantively enacted on 24 May 2021, it was not until the Autumn Statement in November 2022 that the UK Government confirmed the increase in corporation tax rate to 25%.

At the balance sheet date, the company's deferred tax provision has been remeasured from the rate of 19% to 25%.

10. DIVIDENDS

	2022 £	2021 £
Interim	<u>-</u>	<u>6,000,000</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

11. INTANGIBLE FIXED ASSETS

	Goodwill £	Computer software £	Totals £
COST			
At 1 January 2022	55,005	38,140	93,145
Additions	-	2,090	2,090
At 31 December 2022	55,005	40,230	95,235
AMORTISATION			
At 1 January 2022	55,005	34,884	89,889
Amortisation for year	-	1,202	1,202
At 31 December 2022	55,005	36,086	91,091
NET BOOK VALUE			
At 31 December 2022	-	4,144	4,144
At 31 December 2021	-	3,256	3,256

12. TANGIBLE FIXED ASSETS

	Freehold property £	Freehold property improvements £	Leasehold property improvements £
COST			
At 1 January 2022	1,410,669	482,064	171,403
Additions	-	34,192	3,066
Disposals	-	-	-
At 31 December 2022	1,410,669	516,256	174,469
DEPRECIATION			
At 1 January 2022	-	84,228	83,748
Charge for year	-	19,148	18,916
Eliminated on disposal	-	-	-
At 31 December 2022	-	103,376	102,664
NET BOOK VALUE			
At 31 December 2022	1,410,669	412,880	71,805
At 31 December 2021	1,410,669	397,836	87,655

Notes to the Financial Statements - continued
for the year ended 31 December 2022

12. TANGIBLE FIXED ASSETS - continued

	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2022	5,648,017	20,645	364,968	8,097,766
Additions	887,671	22,170	169,251	1,116,350
Disposals	(548,241)	(16,050)	(58,182)	(622,473)
At 31 December 2022	5,987,447	26,765	476,037	8,591,643
DEPRECIATION				
At 1 January 2022	2,644,621	15,568	202,020	3,030,185
Charge for year	799,575	1,199	80,578	919,416
Eliminated on disposal	(322,617)	(13,420)	(49,100)	(385,137)
At 31 December 2022	3,121,579	3,347	233,498	3,564,464
NET BOOK VALUE				
At 31 December 2022	2,865,868	23,418	242,539	5,027,179
At 31 December 2021	3,003,396	5,077	162,948	5,067,581

13. STOCKS

	2022 £	2021 £
Stocks	2,882,462	3,470,517

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade debtors	4,328,616	3,867,389
Amounts owed by group undertakings	1,292,487	1,248,774
Other debtors	914	3,470
Corporation tax	596,082	-
Prepayments and accrued income	246,310	231,786
	6,464,409	5,351,419

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Trade creditors	3,505,594	2,859,453
Amounts owed to group undertakings	6,497	-
Corporation tax	-	596,854
Social security and other taxes	582,526	162,986
Other creditors	356,160	10,039
Accruals and deferred income	779,242	707,876
	5,230,019	4,337,208

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	158,610	163,206
Between one and five years	<u>325,014</u>	<u>488,082</u>
	<u>483,624</u>	<u>651,288</u>

17. PROVISIONS FOR LIABILITIES

	2022	2021
	£	£
Deferred tax	<u>578,816</u>	<u>411,079</u>

	Deferred tax
	£
Balance at 1 January 2022	411,079
Accelerated capital allowances	<u>167,737</u>
Balance at 31 December 2022	<u>578,816</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

19. RESERVES

	Retained earnings
	£
At 1 January 2022	14,068,203
Profit for the year	<u>1,479,651</u>
At 31 December 2022	<u>15,547,854</u>

20. CAPITAL COMMITMENTS

	2022	2021
	£	£
Contracted but not provided for in the financial statements	<u>-</u>	<u>151,565</u>

**Notes to the Financial Statements - continued
for the year ended 31 December 2022**

21. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2022 and 31 December 2021:

	2022	2021
	£	£
Mr N Smillie		
Balance outstanding at start of year	-	1,250,000
Amounts repaid	-	(1,250,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
Mr S P Ryan		
Balance outstanding at start of year	-	2,500,000
Amounts advanced	-	1,000,000
Amounts repaid	-	(3,500,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>
Ms J R Fletcher OBE		
Balance outstanding at start of year	-	1,250,000
Amounts repaid	-	(1,250,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>-</u>	<u>-</u>

22. RELATED PARTY DISCLOSURES

During the year ended 31 December 2022, the company paid for legal and professional costs on behalf of its immediate parent company INW Bee Health Limited totalling £36,092. At the balance sheet date, the company was owed £1,284,866 (2021: £1,248,774) by INW Bee Health Limited.

The company was charged £4,444 for training and £2,053 for lab equipment by Capstone Nutrition, a company within the INW Manufacturing LLC group. At the balance sheet date, the company owed £6,497 (2021: £Nil) to Capstone Nutrition.

The company recharged £7,621 to INW Manufacturing LLC, the parent company of INW Bee Health Limited, for rebranding costs during the year. At the balance sheet date, the company was owed £7,621 (2021: £Nil) by INW Manufacturing LLC.

23. CONTROLLING PARTIES

From 25 March 2021, the company became a wholly owned subsidiary of INW Bee Health Limited, a company registered in England.

In the opinion of the directors, the ultimate parent company is considered to be INW Holdco LLC, a company registered in Delaware, United States of America, by virtue of its controlling interest in the immediate parent company, INW Bee Health Limited. The directors consider the ultimate controlling party to be CC Impact Parent LLC.

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.