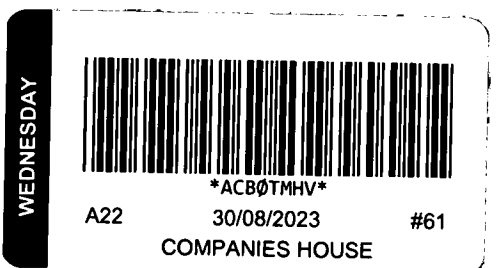


Registered number: 02793629

NATURES AID LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022



NATURES AID LTD

COMPANY INFORMATION

Directors

K Heywood (appointed 31 January 2023)
R Scarlett-Smith (resigned 1 October 2022)
E Blythe (resigned 31 January 2023)
N Stephenson (appointed 1 August 2023)

Registered number

02793629

Registered office

The Globe
Third Floor Bridge Street
Slaithwaite
Huddersfield
England
HD7 5JN

Independent auditor

PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

NATURES AID LTD

CONTENTS

	Page
Strategic Report	1 - 2
Directors' Report	3
Directors' Responsibilities Statement	4
Independent Auditor's Report	5 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10 - 11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 31

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

Introduction

The Directors present their Strategic Report for the year ended 31 December 2022.

The principal activity of the company continued to be the manufacture and distribution of our own brand of VMS (Vitamins, Minerals and Supplements) and herbal medicines to UK independent retailers, wholesalers, grocers, and international markets. The company also supplies a small number of customers with bulk or private label products.

Business review

Natures Aid Ltd sales started to return to pre-covid levels during 2022, after experiencing unprecedented demand for immune products, specifically vitamin C & D, during the pandemic 2020-21. The Company increased its retail distribution, through increased focus on pharmacy, grocery and international markets, particularly in Asia and MENA regions, to drive sales.

Online sales continued to perform well after COVID with consumers choosing to shop online rather than returning to the high street. During 2022, new product development increasingly focused on strengthening the children's portfolio following on from the success of the infant Mini Drops range. This resulted in the launch of the new Super Stars range for children aged 4-12 years, towards the end of the year.

The business has continued to act responsibly with regard to the sustainability of the materials it uses, and we have now effectively removed single use plastic from the business whilst transitioning all plastic pots from PET to PET made from 100% recycled material (rPET).

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include the effect of changes in market prices particularly in relation to the uncertainty surrounding the Brexit situation, credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Given the size of the company, the Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board of Directors are implemented by the company's finance department.

Financial key performance indicators

The company's key financial and other performance indicators during the year were as follows:

	2022	2021
	£'000	£'000
Sales	12,826	18,865
Gross Profit	4,870	9,089
(Loss) / Profit for the financial year after taxation	(488)	2,671

Turnover has reduced compared to 2021, as sales drop back to pre-covid levels. The gross profit margin has dropped compared to 2021, linked to an increased presence on Amazon, resulting in higher rebate, lower margins. Price increases on raw material, linked to Brexit and inflation have also impacted GP%. As the year progressed, we looked to mitigate our losses and cut costs wherever possible. Our sales levels in 2023 are anticipated to be stronger with a concerted drive to reduce costs and return to profitability.

NATURES AID LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

A handwritten signature in black ink, appearing to read 'K Heywood', written in a cursive style.

K Heywood
Director

Date: 18.08.2023

NATURES AID LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £488,172 (2021 - profit £2,670,571).

No interim dividend was paid during the year (2021: £Nil). The Director does not recommend the payment of a final dividend.

Directors

The directors who served during the year were:

R Scarlett-Smith (resigned 1 October 2022)
E Blythe (resigned 31 January 2023)

Future developments

The Company is looking, over the next two years, to rationalise their portfolio. This is to improve efficiencies and increase focus on strengthening core categories, which are driving growth, for example, children's, weight management and women's health. The Company, in response to changing consumer habits, will increase its investment into digital media. This is to support the future growth of the Company.

Disclosure of information to auditor

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

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

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



K Heywood
Director

Date: 18.08.2023

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the director 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 the Statement of Comprehensive Income of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

NATURES AID LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATURES AID LTD

Opinion

We have audited the financial statements of Natures Aid Ltd (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 the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATURES AID LTD (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic report and 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 Director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the 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 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 Director's responsibilities statement set out on page 4, 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 either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATURES AID LTD (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the Company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector.
- We determined the principal laws and regulations relevant to the Company in this regard to be those arising from the Companies Act 2006, Health and Safety regulations, the Medicines and Healthcare products Regulatory Agency and the Food Standards Agency.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to, enquiries of management, review of minutes, and review of legal / regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the provisions against inventory and trade receivables. We addressed this by challenging the assumptions and judgements made by management when auditing those significant accounting estimates.
- We addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

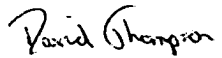
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

NATURES AID LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATURES AID LTD (CONTINUED)



David Thompson (Senior Statutory Auditor)

for and on behalf of
PKF Littlejohn LLP

Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

Date: 18 August 2023

NATURES AID LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	4	12,826,411	18,865,460
Cost of sales		(7,956,589)	(9,776,351)
Gross profit		4,869,822	9,089,109
Administrative expenses		(5,406,031)	(5,559,988)
Operating (loss)/profit	5	(536,209)	3,529,121
Interest receivable and similar income	9	-	7,060
Interest payable and similar expenses	10	(995)	(670)
(Loss)/profit before tax		(537,204)	3,535,511
Tax on (loss)/profit	11	49,032	(864,940)
Profit for the financial year and total comprehensive income		(488,172)	2,670,571

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

The notes on pages 13 to 31 form part of these financial statements.

NATURES AID LTD
REGISTERED NUMBER: 02793629

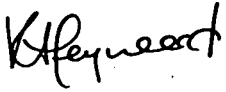
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Goodwill	12	2,061,248	2,061,248
Other intangible assets	13	21,367	47,008
Tangible assets	14	4,511,591	4,083,099
		<u>6,594,206</u>	<u>6,191,355</u>
Current assets			
Stocks	15	4,621,753	4,307,010
Debtors: amounts falling due within one year	16	3,940,696	4,493,646
Cash at bank and in hand	17	950,641	2,366,560
		<u>9,513,090</u>	<u>11,167,216</u>
Creditors: amounts falling due within one year	18	(1,861,071)	(2,643,184)
Net current assets		<u>7,652,019</u>	<u>8,524,032</u>
Total assets less current liabilities		<u>14,246,225</u>	<u>14,715,387</u>
Creditors: amounts falling due after more than one year	19	(68,468)	(425)
		<u>14,177,757</u>	<u>14,714,962</u>
Provisions for liabilities			
Deferred taxation	21	(308,897)	(357,930)
		<u>(308,897)</u>	<u>(357,930)</u>
Net assets		<u>13,868,860</u>	<u>14,357,032</u>
Capital and reserves			
Called up share capital	22	99	99
Profit and loss account	23	13,868,761	14,356,933
		<u>13,868,860</u>	<u>14,357,032</u>

NATURES AID LTD
REGISTERED NUMBER: 02793629

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

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

A handwritten signature in black ink, appearing to read 'K Heywood', written in a cursive style.

K Heywood
Director

Date: 18.08.2023

The notes on pages 13 to 31 form part of these financial statements.

NATURES AID LTD

**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	99	11,686,362	11,686,461
Comprehensive income for the year			
Profit for the year	-	2,670,571	2,670,571
At 1 January 2022	99	14,356,933	14,357,032
Comprehensive income for the year			
Loss for the year	-	(488,172)	(488,172)
At 31 December 2022	99	13,868,761	13,868,860

The notes on pages 13 to 31 form part of these financial statements.

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

1. General information

The Company is a private limited company incorporated and domiciled in England, United Kingdom. The Company is involved in the manufacture and distribution of own brand VMS (Vitamins, Minerals and Supplements) and herbal medicines and supplies independent retailers, wholesalers and distributors in the UK and to export markets.

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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

After making appropriate enquiries, the Director has formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Director continues to adopt the going concern basis in preparation of the Financial Statements.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

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

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income 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 the Statement of Comprehensive Income within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

The Company manufactures and sells a range of vitamin and mineral supplements. Sale of goods are recognised on despatch to the customer. Delivery does not occur until the products have been shipped/transported to the specified location and the risks of obsolescence and loss have been transferred to and accepted by the customer.

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid

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

2. Accounting policies (continued)

2.5 Leases (continued)

at the commencement date, discounted by using the rate implicit in the lease. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented. These liabilities are measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. Adoption of this new standards has not resulted in a material impact to the financial statements.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' line, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.14.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, over 3 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

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

2. Accounting policies (continued)

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.8 Finance costs

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

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

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income 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.

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

2. Accounting policies (continued)

2.11 Goodwill

Goodwill represents the excess of the cost of a business combination over the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued.

When a business combination agreement provides for an adjustment to the cost of the combination which is contingent on future events, the Company includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. However, if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. Changes in the estimated value of contingent consideration arising on business combinations completed as a consequence result in a change in the carrying value of the related goodwill.

Goodwill is capitalised as an intangible asset and is not amortised. Instead it is reviewed annually for impairment with any impairment in carrying value being charged to the Statement of Comprehensive Income. The Companies Act 2006 requires acquired goodwill to be reduced by provisions for depreciation calculated to write off the amount systematically over a period chosen by the director, not exceeding its useful economic life.

2.12 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Development expenditure	-	3	years
-------------------------	---	---	-------

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2%
Plant and machinery	-	10%
Motor vehicles	-	25%
Fixtures and fittings	-	20%
Office equipment	-	20%
Computer equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.14 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the Statement of Comprehensive Income in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

2.15 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 the Statement of Comprehensive Income.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at transaction price, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

2. Accounting policies (continued)

2.17 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.

2.18 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.20 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL

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

2. Accounting policies (continued)

2.20 Financial instruments (continued)

represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

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

The preparation of the Financial Statements requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the reporting date. Actual results may vary from the estimates used. The most significant judgment made is as follows:

Impairment of goodwill

The Group makes an estimate of the recoverable value of the goodwill arising from the acquisition of the business. When assessing the recoverable value of goodwill, management considers market conditions and other factors. See note 12 for the net carrying value of the goodwill.

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sales - VMS (Vitamins, Minerals and Supplements) and herbal medicines	12,826,411	18,865,460
	<u>12,826,411</u>	<u>18,865,460</u>

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	7,903,778	10,563,730
Rest of the world	4,922,633	8,301,730
	<u>12,826,411</u>	<u>18,865,460</u>

5. Operating (loss)/profit

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

	2022 £	2021 £
Research & development charged as an expense	36,193	157,841
Depreciation of tangible fixed assets	308,041	259,958
Amortisation of intangible assets	25,641	25,641
Exchange differences	74,502	156,395
Defined contribution pension cost	129,412	122,187
Lease expenses	32,223	27,786
Inventories recognised as an expense	5,821,086	7,706,217
Impairment of receivables	3,267	(24,905)
Impairment of inventory	161,507	41,132
	<u>161,507</u>	<u>41,132</u>

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	34,000	31,500

Fees payable to the Company's auditors and their associates for other services totalled £3,000 (2021: £3,000).

NATURES AID LTD

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

7. Employees

Staff costs were as follows:

	2022 £	2021 £
Wages and salaries	3,311,743	3,183,696
Social security costs	362,930	318,121
Cost of defined contribution scheme	129,412	122,187
	<u>3,804,085</u>	<u>3,624,004</u>

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

	2022 No.	2021 No.
Production	63	64
Sales and Marketing	20	21
Administrative	13	14
	<u>96</u>	<u>99</u>

8. Directors' remuneration

The Directors did not receive emoluments for their services in 2022 or 2021 as they serve a number of companies in the Group. No Directors (2021: Nil) are accruing post-employment benefits under a defined contribution schemes. Directors' remuneration are disclosed within the accounts of Thornton & Ross Limited.

9. Interest receivable

	2022 £	2021 £
Other interest receivable	-	7,060
	<u>-</u>	<u>7,060</u>

10. Interest payable and similar expenses

	2022 £	2021 £
Interest on leases	995	670
	<u>995</u>	<u>670</u>

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

11. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	-	614,220
Adjustments in respect of previous periods	-	(29,006)
	<u>-</u>	<u>585,214</u>
Total current tax	<u>-</u>	<u>585,214</u>
Deferred tax		
Origination and reversal of timing differences	66,547	57,987
Adjustments in respect of previous periods	(115,579)	221,739
Total deferred tax	<u>(49,032)</u>	<u>279,726</u>
Taxation on (loss)/profit on ordinary activities	<u>(49,032)</u>	<u>864,940</u>

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

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(537,204)	3,535,511
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(102,069)	671,747
Effects of:		
Expenses not deductible for tax purposes	-	209
Capital allowances for year in excess of depreciation	16,204	(57,736)
Adjustments to tax charge in respect of prior periods	(115,579)	192,733
Tax losses group relieved to subsidiary undertakings	152,412	-
Effect of rate change from 19% to 25%	-	57,987
Total tax (credit)/charge for the year	(49,032)	864,940

Factors that may affect future tax charges

In the 2021 Budget on 3 March 2021, the UK Government announced that the headline rate of UK corporation tax will increase to 25% from 1 April 2023. For FRS 101 purposes, the substantively enacted corporation tax rate of 25% has been used to calculate deferred tax as at 31 December 2022.

NATURES AID LTD

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

12. Goodwill

	2022 £
Cost	
At 1 January 2022	3,233,330
At 31 December 2022	<u>3,233,330</u>
Amortisation and impairment	
At 1 January 2022	1,172,082
At 31 December 2022	<u>1,172,082</u>
Net book value	
At 31 December 2022	<u><u>2,061,248</u></u>
<i>At 31 December 2021</i>	<u><u>2,061,248</u></u>

13. Other Intangible assets

	Development expenditure £
Cost	
At 1 January 2022	76,922
At 31 December 2022	<u>76,922</u>
Amortisation	
At 1 January 2022	29,914
Charge for the year on owned assets	25,641
At 31 December 2022	<u>55,555</u>
Net book value	
At 31 December 2022	<u><u>21,367</u></u>
<i>At 31 December 2021</i>	<u><u>47,008</u></u>

Intangible assets amortisation is recorded in administrative expenses in the income statement.

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

14. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £
Cost or valuation					
At 1 January 2022	3,140,016	1,791,891	60,049	303,984	185,273
Additions	407,604	50,936	96,063	36,973	51,666
At 31 December 2022	<u>3,547,620</u>	<u>1,842,827</u>	<u>156,112</u>	<u>340,957</u>	<u>236,939</u>
Depreciation					
At 1 January 2022	191,075	933,174	60,049	185,248	107,200
Charge for the year on owned assets	60,706	99,910	-	35,872	30,077
Charge for the year on right- of-use assets	-	11,402	19,568	-	-
At 31 December 2022	<u>251,781</u>	<u>1,044,486</u>	<u>79,617</u>	<u>221,120</u>	<u>137,277</u>
Net book value					
At 31 December 2022	<u>3,295,839</u>	<u>798,341</u>	<u>76,495</u>	<u>119,837</u>	<u>99,662</u>
At 31 December 2021	<u>2,948,941</u>	<u>858,717</u>	<u>-</u>	<u>118,736</u>	<u>78,073</u>

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

14. Tangible fixed assets (continued)

	Computer equipment £	Total £
Cost or valuation		
At 1 January 2022	221,498	5,702,711
Additions	93,291	736,533
At 31 December 2022	<u>314,789</u>	<u>6,439,244</u>
Depreciation		
At 1 January 2022	142,866	1,619,612
Charge for the year on owned assets	50,506	277,071
Charge for the year on right-of-use assets	-	30,970
At 31 December 2022	<u>193,372</u>	<u>1,927,653</u>
Net book value		
At 31 December 2022	<u>121,417</u>	<u>4,511,591</u>
At 31 December 2021	<u>78,632</u>	<u>4,083,099</u>

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Freehold	3,295,839	2,948,941
	<u>3,295,839</u>	<u>2,948,941</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Statement of Financial Position is as follows:

	2022 £	2021 £
Tangible fixed assets owned	4,511,591	4,083,099
	<u>4,511,591</u>	<u>4,083,099</u>

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

14. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2022	2021
	£	£
Plant and machinery	23,404	2,342
Motor vehicles	76,495	-
	<u>76,495</u>	<u>-</u>

Depreciation charge for the year ended

	2022	2021
	£	£
Plant and machinery	11,402	8,141
Motor vehicles	19,568	18,711
Other tangible fixed assets	-	-
	<u>30,970</u>	<u>26,852</u>

Interest charged on lease liabilities amounted to £995 (2021: £670). Cashflow on lease liabilities amounted to £24,113 (2021: £29,377).

15. Stocks

	2022	2021
	£	£
Raw materials and consumables	2,257,532	1,403,072
Work in progress (goods to be sold)	535,712	614,256
Finished goods and goods for resale	1,828,509	2,289,682
	<u>4,621,753</u>	<u>4,307,010</u>

Inventories are stated after provision for impairment of £281,839 (2021: £120,332).

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

16. Debtors

	2022 £	2021 £
Trade debtors	2,593,478	3,471,223
Amounts owed by group undertakings	859,351	682,737
Other debtors	105,451	172,169
Prepayments and accrued income	382,416	167,517
	<u>3,940,696</u>	<u>4,493,646</u>

Amounts owed by Group undertakings have 60 day payment terms with no interest charged.

All trade and other receivables are due within one year from the end of the reporting period.

Trade receivables are stated after provision for impairment of £28,172 (2021: £24,905).

17. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	950,641	2,366,560
	<u>950,641</u>	<u>2,366,560</u>

18. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	861,349	994,583
Amounts owed to group undertakings	63,919	767,595
Other taxation and social security	270,688	114,642
Lease liabilities	34,449	2,007
Other creditors	27,864	18,341
Accruals and deferred income	602,802	746,016
	<u>1,861,071</u>	<u>2,643,184</u>

Amounts that are owed to other companies with the Group have 60 day payment terms with no interest charged.

NATURES AID LTD

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

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

	2022 £	2021 £
Lease liabilities	68,468	425
	<u>68,468</u>	<u>425</u>

20. Leases

Company as a lessee

Lease liabilities are due as follows:

	2022 £	2021 £
Not later than one year	34,449	2,007
Between one year and five years	68,468	425
	<u>102,917</u>	<u>2,432</u>

21. Deferred taxation

	2022 £	2021 £
At beginning of year	(357,930)	(79,531)
Credited/(Charged) to the Statement of Comprehensive Income	49,033	(279,726)
Utilised in year	-	1,327
At end of year	<u>(308,897)</u>	<u>(357,930)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(308,897)	(357,930)
	<u>(308,897)</u>	<u>(357,930)</u>

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

22. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
99 (2021 - 99) Ordinary shares of £1.00 each	99	99
	<hr/>	<hr/>

23. Reserves

Profit and loss account

The retained earnings reserve includes all current and prior period retained profits and losses.

24. Pension commitments

The cost of contributions to money purchase pension arrangements amounted to £129,412 (2021: £122,187). As at 31 December 2022, there were £27,304 outstanding contributions (2021: £19,343).

25. Related party transactions

The Company has transactions with entities owned by the Stada Group; but the Director has taken advantage of the exemption permitted by FRS101, not to disclose transactions with fellow wholly owned subsidiaries, as stated in Note 2.2.

26. Controlling party

The Company's immediate parent undertaking is Stada UK Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent and controlling party is NIDDA German Topco GmbH, a company incorporated in Germany. This is the only company to consolidate. The Company is included within their financial statements which are publicly available from NIDDA German Topco GmbH Stadastrasse 2-18, 61118 Bad Vilbel, Germany.