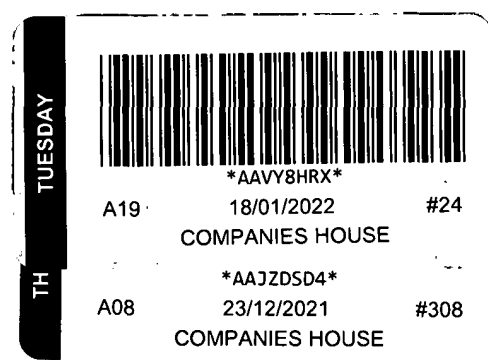


NATURES AID LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



NATURES AID LTD

COMPANY INFORMATION

Directors	E Blythe R Scarlett-Smith
Company secretary	E Blythe
Registered number	02793629
Registered office	C/O Thornton & Ross Ltd Manchester Road Linthwaite Huddersfield West Yorkshire HD7 5QH

NATURES AID LTD

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NATURES AID LTD

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The Directors present their Strategic Report for the year ended 31 December 2020.

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, and their supply to independent retailers, wholesalers and distributors in the UK and to export markets. The company also supplies a small number of customers with bulk or private label products.

Business review

The strong increase in sales during 2020 was primarily due to market demand for immune supporting nutrients and the desire to live a healthier lifestyle due to people looking to mitigate the risk of contracting COVID. The online channel saw particularly strong growth due to changes in shopper behaviour. The independent health shop market declined by 8% due to high street closures and shoppers utilising online channels more. In contrast the independent pharmacy market saw a 17% increase compared to 2019 figures as pharmacies continue to search for new revenue streams. Measures were taken to focus on the key growth areas which should further strengthen our position in the future with Pharmacy multiples and Grocery outlets being pursued. The company had a small drop in gross profit margin, linked to price fluctuations as a result of BREXIT and increased sales, therefore rebate, to Amazon.

The business will act responsibly with regard to the increased interest in single use plastics and will introduce measures to ensure that we minimise the environmental impact of our Company. The Company is currently investigating and investing in alternatives to single use plastics. The business invested in new production and packing equipment and will accelerate this investment in the future to facilitate the handling of planned increased volumes sold into key growth markets over the next few years. The company will continue to focus on producing high quality products that meet consumer needs and tastes ensuring that it remains at the forefront of innovation, developing new products quickly as consumer tastes change.

During the year we invested more in selling and marketing expenses focussing on our consumer reach and looking to improve our capability to drive online sales. These remain key pillars of our strategic plan going forward.

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 credit risk with our customers and liquidity risk of the business. To ensure that we mitigate our credit risk, we set strict credit limits for our customers, pro-forma payments for export orders, and hold monthly debtor review sessions. Monthly cashflows are undertaken to reduce our liquidity risk. 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:

NATURES AID LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
Sales (restated 2019 - see note 27)	17,499	12,898
Gross Profit	9,163	6,653
Profit for the financial year after taxation	4,303	3,756

The increase in turnover reflects a continuing increased awareness of the Company's products and the growing trend for healthy living and supplementing our nutrient deficient diets with vitamins and minerals to promote well-being throughout our global markets. The current year was also aided by a demand for immune based products. We expect to see a positive continuation of this trend for the Company's financial key performance indicators due to the increasing need for the Company's products as a result of lifestyle changes in the U.K. and throughout the world. The gross profit margin has dropped slightly compared to 2019, due to an increased demand for our products via Amazon, resulting in an increased rebate value, additional FTE costs to keep up with demand and increased raw material costs, linked to COVID.

This report was approved by the board on 22 DECEMBER 2021 and signed on its behalf.



E Blythe
Director

NATURES AID LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £4,302,534 (2019 - £3,755,631).

An interim dividends was paid during the year of £985,238 (2019 - £5,679,310). The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the year were:

E Blythe
R Scarlett-Smith

Future developments

Future developments for the company are centred around broadening the portfolio for our eco-ethical range and working towards more sustainable initiatives both in terms of products and packaging as well as meeting our sustainability goals for the offices, production and warehousing facilities.

NATURES AID LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

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

Independent Auditors

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

This report was approved by the board on 22 DECEMBER 2021 and signed on its behalf.



E Blythe
Director

Independent auditors' report to the members of Natures Aid Limited

Report on the audit of the financial statements

Opinion

In our opinion, Natures Aid Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2020; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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

Independent auditors' report to the members of Natures Aid Limited (continued)

Reporting on other information (continued)

appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 an auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and Safety regulations, employment laws and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks

Independent auditors' report to the members of Natures Aid Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

were related to posting journal entries to manipulate financial performance, and management bias in determining significant accounting estimates that could influence reported performance. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Challenging assumptions and judgements made by management in their accounting estimates
- Identifying and testing journal entries using a risk-based targeting approach on various risk criteria (e.g. unexpected revenue account combinations) and ensuring their appropriateness; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sarah Allen (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

22 December 2021

NATURES AID LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	As restated* 2019 £
Turnover	4	17,499,196	12,898,230
Cost of sales		(8,335,930)	(6,245,189)
Gross profit		9,163,266	6,653,041
Administrative expenses		(4,410,607)	(2,069,652)
Operating profit	5	4,752,659	4,583,389
Interest receivable and similar income	9	9,290	502
Interest payable and expenses	10	(1,677)	(2,343)
Profit before tax		4,760,272	4,581,548
Tax on profit	11	(457,738)	(825,917)
Profit for the financial year		4,302,534	3,755,631
 Total comprehensive income for the year		 4,302,534	 3,755,631

The notes on pages 12 to 32 form part of these financial statements.

*Turnover and Cost of Sales for the year ended 31 December 2019 have been restated to correct a prior period error. See note 27 for further details.

NATURES AID LTD
REGISTERED NUMBER: 02793629

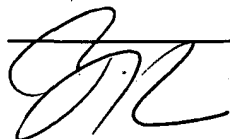
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Goodwill	13	2,061,248	2,061,248
		<u>2,061,248</u>	<u>2,061,248</u>
Fixed assets			
Other intangible assets	14	72,649	-
Tangible assets	15	3,570,421	3,117,698
		<u>5,704,318</u>	<u>5,178,946</u>
Current assets			
Stocks	16	3,529,251	2,720,213
Debtors: amounts falling due within one year	17	3,625,695	2,297,567
Cash at bank and in hand	18	1,449,924	409,629
		<u>8,604,870</u>	<u>5,427,409</u>
Creditors: amounts falling due within one year	19	(2,539,242)	(1,652,093)
Net current assets		<u>6,065,628</u>	<u>3,775,316</u>
Total assets less current liabilities		<u>11,769,946</u>	<u>8,954,262</u>
Creditors: amounts falling due after more than one year	20	(3,954)	(28,378)
		<u>11,765,992</u>	<u>8,925,884</u>
Provisions for liabilities			
Deferred taxation	22	(79,531)	(556,719)
		<u>(79,531)</u>	<u>(556,719)</u>
Net assets		<u><u>11,686,461</u></u>	<u><u>8,369,165</u></u>
Capital and reserves			
Called up share capital	23	99	99
Profit and loss account	24	11,686,362	8,369,066
		<u><u>11,686,461</u></u>	<u><u>8,369,165</u></u>

The Financial Statements on pages 8 to 31 were approved and authorised for issue by the board and were signed on its behalf on 21 December 2021

NATURES AID LTD
REGISTERED NUMBER: 02793629

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020



E Blythe
Director

The notes on pages 12 to 32 form part of these financial statements.

NATURES AID LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2019	99	10,292,745	10,292,844
Comprehensive income for the year			
Profit for the year	-	3,755,631	3,755,631
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	3,755,631	3,755,631
Dividends: Equity capital	-	(5,679,310)	(5,679,310)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(5,679,310)	(5,679,310)
	<hr/>	<hr/>	<hr/>
At 1 January 2020	99	8,369,066	8,369,165
Comprehensive income for the year			
Profit for the year	-	4,302,534	4,302,534
	<hr/>	<hr/>	<hr/>
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,302,534	4,302,534
Dividends: Equity capital	-	(985,238)	(985,238)
	<hr/>	<hr/>	<hr/>
Total transactions with owners	-	(985,238)	(985,238)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	99	11,686,362	11,686,461

The notes on pages 12 to 32 form part of these financial statements.

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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

2.1.1 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).

The following principal accounting policies have been applied consistently, other than where new policies have been adopted:

2.1.2 After making appropriate enquiries the Directors have formed a judgement, 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 Directors continue to adopt the going concern basis in preparation of the Financial Statements.

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 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
- the requirements of IAS 1 Presentation of Financial Statements to disclose paragraphs 40A-D.

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

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 dispatch of goods, identified in the contract between the Company and the customer.

The Company manufactures and sells a range of vitamin and mineral supplements. Sales 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.

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.5 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid 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 standard 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 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, 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 2.13.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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.

2.7 Interest income

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

2.8 Finance costs

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

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

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

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 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 profit or loss. 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 directors, not exceeding its useful economic life.

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

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
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2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 profit or loss.

2.16 Debtors

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

2.17 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.

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

2.20 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 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

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.20 Financial instruments (continued)

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.

2.21 Dividends

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

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 judgement made is as follows:

During the year there were no significant judgments or estimates.

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Turnover

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

	2020 £	As restated* 2019 £
Sales – VMS (Vitamins, Minerals and Supplements) and herbal medicines	17,499,196	12,898,230
	<u>17,499,196</u>	<u>12,898,230</u>

Analysis of turnover by country of destination:

	2020 £	As restated* 2019 £
United Kingdom	10,956,299	8,496,054
Rest of the world	6,542,897	4,402,176
	<u>17,499,196</u>	<u>12,898,230</u>

*Turnover (as it relates to the United Kingdom) as at 31 December 2019 has been restated to correct a prior period error. See note 27 for further details.

5. Operating profit

The operating profit is stated after charging/crediting:

	2020 £	2019 £
Research & development charged as an expense	43,433	18,210
Depreciation of tangible fixed assets	232,406	261,869
Amortisation of intangible assets	4,273	-
Exchange differences	(22,401)	20,642
Defined contribution pension cost	106,981	85,247
Lease expenses	27,372	-
Inventories recognised as an expense	6,867,368	5,375,249
Impairment of receivables	(9,563)	-
Impairment of inventory	(79,200)	-
	<u></u>	<u></u>

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements	31,500	15,900
Fees payable to the Company's auditors and their associates for other services totaled £2,500 (2019: £0).		

7. Employees

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	2,751,756	2,273,985
Social security costs	279,817	214,935
Cost of other pension schemes	106,981	85,247
	<u>3,138,554</u>	<u>2,574,167</u>

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

	2020 No.	2019 No.
Production	54	46
Sales and marketing	21	20
Administrative	11	12
	<u>86</u>	<u>78</u>

8. Directors' Remuneration

The Directors did not receive emoluments for their services in 2020 or 2019 as they serve a number of companies in the Group. No Directors (2019– Nil) are accruing post-employment benefits under defined contribution schemes. Directors' remuneration are disclosed within the accounts of Thornton & Ross Limited.

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Interest receivable and similar income

	2020 £	2019 £
Other interest receivable	9,290	502
	<u>9,290</u>	<u>502</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Interest on IFRS16 leases	1,677	2,343
	<u>1,677</u>	<u>2,343</u>

11. Tax on profit

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	934,926	373,786
	<u>934,926</u>	<u>373,786</u>
Total current tax	<u>934,926</u>	<u>373,786</u>
Deferred tax		
Origination and reversal of timing differences	(477,188)	452,131
	<u>(477,188)</u>	<u>452,131</u>
Total deferred tax	<u>(477,188)</u>	<u>452,131</u>
Tax on profit	<u>457,738</u>	<u>825,917</u>

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>4,760,272</u>	<u>4,581,548</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	904,452	870,494
Effects of:		
Expenses not deductible for tax purposes	17,152	214
Capital allowances for year in excess of depreciation	(17,896)	-
Rollover relief on profit on disposal of fixed assets	-	6,632
Adjustments to tax charge in respect of prior periods	(450,515)	310
Research and development tax credits	1,073	1,459
Other differences leading to an increase (decrease) in the tax charge	3,472	(53,192)
Total tax charge for the year	<u><u>457,738</u></u>	<u><u>825,917</u></u>

Factors that may affect future tax charges

In the 2021 UK 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. This change is expected to form part of the Finance Bill 2021. For FRS 101 purposes, a UK corporation tax rate of 19% has been used to calculate deferred tax for the year ended 31 December 2020. The difference between the 19% and 25% has no significant effect on the deferred tax liability at the balance sheet date.

12. Dividends

	2020 £	2019 £
Interim payment £9,952 per share (2019 £57,367 per share)	985,238	5,679,310
	<u><u>985,238</u></u>	<u><u>5,679,310</u></u>

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Goodwill

	2020 £
Cost	
At 1 January 2020	3,233,330
At 31 December 2020	<u>3,233,330</u>
Accumulated Amortisation	
At 1 January 2020	1,172,082
At 31 December 2020	<u>1,172,082</u>
Net book value	
At 31 December 2020	<u><u>2,061,248</u></u>
<i>At 31 December 2019</i>	<u><u>2,061,248</u></u>

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Other Intangible assets

	Development expenditure £
Cost	
At 1 January 2020	-
Additions - external	76,922
	<hr/>
At 31 December 2020	76,922
	<hr/>
Amortisation	
At 1 January 2020	-
Charge for the year on owned assets	4,273
	<hr/>
At 31 December 2020	4,273
	<hr/>
Net book value	
At 31 December 2020	72,649
	<hr/> <hr/>
At 31 December 2019	-
	<hr/> <hr/>

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

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Tangible assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation							
At 1 January 2020	2,062,466	1,551,223	60,049	279,475	166,170	125,561	4,244,944
Additions	552,272	82,733	-	19,837	10,939	19,349	685,130
At 31 December 2020	2,614,738	1,633,956	60,049	299,312	177,109	144,910	4,930,074
Depreciation							
At 1 January 2020	102,600	731,511	21,694	130,845	59,108	81,489	1,127,247
Charge for the year on owned assets	39,629	84,107	-	28,055	23,234	30,010	205,035
Charge for the year on right-of-use assets	-	7,727	19,644	-	-	-	27,371
At 31 December 2020	142,229	823,345	41,338	158,900	82,342	111,499	1,359,653
Net book value							
At 31 December 2020	2,472,509	810,611	18,711	140,412	94,767	33,411	3,570,421
At 31 December 2019	1,959,866	819,712	38,356	148,630	107,062	44,072	3,117,698

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Tangible assets (continued)

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

	2020 £	2019 £
Freehold	2,472,509	1,959,866
	<u>2,472,509</u>	<u>1,959,866</u>

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

	2020 £	2019 £
Tangible fixed assets owned	3,540,292	3,072,152
Right-of-use tangible fixed assets	30,128	45,546
	<u>3,570,420</u>	<u>3,117,698</u>

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

Net book value

	2020 £	2019 £
Plant and machinery	11,417	7,192
Motor vehicles	18,711	38,354
	<u>30,128</u>	<u>45,546</u>

Depreciation charge for the year ended

	2020 £	2019 £
Plant and machinery	(7,727)	(6,073)
Motor vehicles	(19,645)	(21,694)
	<u>(27,372)</u>	<u>(27,767)</u>

Interest charged on lease liabilities £1,677 (2019 £2,343). Cash flow on leased liabilities £29,376 (2019 £29,376)

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. Stocks

	2020 £	2019 £
Raw materials and consumables	1,278,046	1,050,068
Work in progress (goods to be sold)	539,860	438,915
Finished goods and goods for resale	1,711,345	1,231,230
	<u>3,529,251</u>	<u>2,720,213</u>

Inventories are stated after provision for impairment of £79,200 (2019: £59,365)

17. Debtors

	2020 £	2019 £
Trade debtors	3,124,896	1,900,368
Amounts owed by group undertakings	333,460	167,476
Other debtors	-	98,598
Prepayments and accrued income	167,339	131,125
	<u>3,625,695</u>	<u>2,297,567</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 £9,563 (2019: £6,682)

18. Cash at bank and in hand

	2020 £	2019 £
Cash at bank and in hand	1,449,924	409,629
	<u>1,449,924</u>	<u>409,629</u>

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,196,484	888,981
Amounts owed to group undertakings	253,163	12,143
Corporation tax	52,397	92,044
Other taxation and social security	132,596	76,830
Lease liabilities	27,184	30,024
Other creditors	18,348	16,167
Accruals and deferred income	859,070	535,904
	<u>2,539,242</u>	<u>1,652,093</u>

Deferred income has increased compared to 2019, due to increased international sales in 2020, with a significant number of our export customers paying pro-forma.

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

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

	2020 £	2019 £
Lease liabilities	3,954	28,378
	<u>3,954</u>	<u>28,378</u>

21. Leases

Company as a lessee

The Company as at December 2020 leased four cars, one printer and one cardboard baler.

Lease liabilities are due as follows:

	2020 £	2019 £
Between one year and five years	3,955	28,378
	<u>3,955</u>	<u>28,378</u>

NATURES AID LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22. Deferred taxation

	2020 £	2019 £
At beginning of year	(556,719)	-
Credited to profit or loss	477,188	(556,719)
At end of year	(79,531)	(556,719)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(79,531)	(556,719)
	(79,531)	(556,719)

23. Called up Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
99 (2019 - 99) Ordinary shares of £1.00 each	99	99

24. Profit and loss account

Profit and loss account

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

25. Pension commitments

The cost of contributions to money purchase pension arrangements amounted to £106,981 (2019 £85,247). As at 31 December 2020 there were £17,318 outstanding contributions (2019 £15,807).

NATURES AID LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 consolidated financial statements which are publicly available from NIDDA German Topco GmbH Stadastrasse 2-18, 61118 Bad Vilbel, Germany.

27. Restatement

In accordance with IFRS 15, the transaction price should include variable consideration (which includes customer incentives/rebates). In 2019 amounts relating to rebates had been incorrectly included within Cost of Sales. Restatement of the prior year statement of comprehensive income has therefore been made in these financial statements to present the rebate costs within Turnover rather than Cost of Sales.

The impact on the balances for the year ended 31 December 2019 is as follows:

Turnover

- Previously stated - £13,662,921
- Adjustment - £764,691
- 2019 As restated* - £12,898,230

Cost of Sales

- Previously stated - £7,009,880
- Adjustment - £764,691
- 2019 As restated* - £6,245,189

28. Related Party Transactions

Natures Aid has transactions with entities owned by the Stada Group; but the Directors have taken advantage of the exemption permitted by FRS 101, not to disclose transactions with fellow wholly owned subsidiaries, as stated in Note 2.2.