

Registered number: 03380926

**VITAFLO (INTERNATIONAL) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



**VITAFLO (INTERNATIONAL) LIMITED**

**COMPANY INFORMATION**

Directors	C F Charlesworth K Montazeri
Registered number	03380926
Registered office	Suite 1.11, South Harrington Building 182 Sefton Street, Brunswick Business Park Liverpool L3 4BQ

# **VITAFLO (INTERNATIONAL) LIMITED**

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**VITAFLO (INTERNATIONAL) LIMITED**  
**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**Introduction**

The directors present their Strategic report for the year ended 31 December 2020

**Business review and future developments**

The performance achieved during the year is set out in the Profit and Loss account on page 10.

The results of the Company show turnover for the year of £52,128,000 (2019 - £45,550,000) and a pre-tax profit of £12,416,000 (2019 - £11,731,000).

The Company has net current assets of £8,054,000 (2019 - £8,491,000).

For 2021 and for future years it is the expectation that the Company will continue with its current principal activities as set out in the Directors' report.

**Principal risks and uncertainties**

The management of the business of the Company and the execution of its strategy are subject to a number of risks and uncertainties, including the potential impact of Brexit (page 3), a difficult economic environment, a strong competitive environment, currency fluctuations, further trade consolidation, product innovation, employee retention and volatility in input costs.

The group internal audit department monitors the operational risks of all parts of the business on a rotational/sample basis and will recommend improvements to business processes and controls to assist in the mitigation of identified business risks.

**Impact of Brexit**

The challenges faced by importing and exporting companies at the EU-UK border, both across the Channel and across the Irish Sea, are widely known, and the Company has not been immune to these. The business has, however, thanks to its careful planning for EU exit, managed to maintain supply to its customers.

From the 1 January 2021, the Company has made some changes to its supply chain model in relation to sales made to some customers within the European Union. Changes have been necessary to minimise disruption to supply and manage some of the risks and potential duty costs associated with the FTA.

**Impact of COVID-19**

During the unprecedented time of COVID-19 pandemic, our purpose of enhancing quality of life and contributing to a healthier future is now more important than ever. From our supply chain, to our factories, we are working to ensure that we continue to meet the nutritional needs of your families during this difficult time. (See page 4)

**Impact of climate change**

The Company is committed to reduce its impact on the environment and is continually looking at ways in which it can reduce its carbon footprint. Such projects already include the banning of single use plastics in all its products and a commitment to ensuring all packaging is 100% recyclable by 2025. In addition, we constantly review our supply chain with a view to making it as efficient and green as possible.

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

**Stakeholder review**

The Company is a member of the group of Nestlé owned companies within the UK.

Under section 172 of the UK Companies Act 2006 ('Section 172') directors must act in the way that they consider, in good faith, would be most likely to promote the success of their Company. In doing so, our directors must have regard to stakeholders and the other matters set out in Section 172. The following section is our Section 172 statement, which describes how the directors of this Company have had regard to these matters when performing their duty.

Nestlé stands for Good food, Good life. Quality of food and quality of life go together. What and how we eat and drink is fundamental to our health and wellness, today and for the future. Our Nutrition, Health and Wellness journey is guided by our Creating Shared Value approach to business. We live by our purpose and responsibilities to our shareholders, the communities in which we operate and the planet on which we live. We aim to be trusted and dependable. That means responsibly manufacturing our products and managing our supply chain, bringing meaningful innovations to market, and building brands that delight and do good. We do this in a way that is true to the values that our company has been built on for more than 150 years. Because Good food and Good life are good business. Creating Shared Value is fundamental to how we do business at Nestlé. We believe that our Company can only be successful in the long term by creating value both for our shareholders and for society. Our activities and products should make a positive difference to society while contributing to Nestlé's ongoing success.

In order to achieve these ambitions, Nestlé as a group have formulated a series of public commitments that we operationalize across our business. These commitments are central to this company's strategy and Nestlé Group reports on our progress every year. Particular emphasis is on global initiatives to promote healthier lives for children, help young people access economic opportunities and demonstrate our protection of water resources. We also act decisively to tackle the current plastic pollution challenge and are working to become carbon neutral.

The 2020 Nestlé SA Annual Review gives further details of how the Nestlé Group of companies enhances the quality of life and contributes to a healthier future in the following areas:

- for individuals and families - enabling healthier and happier lives
- for our communities - helping develop thriving, resilient communities
- for the planet - stewarding resources and the environment

Further information can be found on the Nestle SA website.

<https://www.nestle.com/>

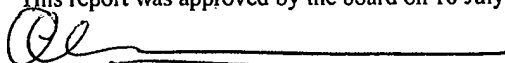
**Financial key performance indicators**

The directors consider turnover and the control of costs as key to the success of the Company. Revenue growth, cost levels and overall profitability are measured on a frequent basis against both short and long-term target expectations.

The Company sets annual budgets and uses variance analysis to assess monthly performance and manage costs. In addition, monthly forecasts are submitted which take into consideration future events and new information that comes to light during the year to revise sales turnover and profitability projections.

Targets are set by the Nestlé Health Science a division of Nestlé at the beginning of each financial year, focussing on turnover growth and profitability. Company progress against these targets is continually reviewed by the senior management and in 2020 both targets were achieved.

This report was approved by the board on 16 July 2021 and signed on its behalf.



**C F Charlesworth**  
Director

## **VITAFLO (INTERNATIONAL) LIMITED**

### **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.

#### **Principal activity**

The principal activities of the Company in the year under review were that of the development, manufacture and distribution of clinical nutritional products for the dietary management of various clinical conditions.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £10,263,000 (2019 - £10,153,000).

A dividend of £10,178,000 was paid during the year (2019 - £3,452,000), and the directors have not proposed a final dividend in respect of the current financial year (2019 - £NIL).

#### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position, financial risk management objectives and its exposure to risks and uncertainties are described in the Strategic Report.

The directors are required to consider the availability of resources to meet the Company's liabilities for a period of at least twelve months from the date of approval of these financial statements. The directors have considered the going concern position of the Company, taking into account the continued uncertainty surrounding the current COVID-19 pandemic.

As part of this going concern review, the directors have analysed cashflow forecasts covering the period to 31 December 2022.

The Company has net current assets of £8,054,000 (2019 - £8,491,000), net assets of £10,956,000 (2019 - £10,871,000) with a cash balance of £1,172,000 as of 31st December 2020. Further, the Company does not have any external borrowings, other than amounts payable to other Nestlé S.A. group undertakings of £11,766,000 (2019 - £10,419,000). The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The board acknowledges the general uncertainty provided by COVID-19 and as such has obtained a written confirmation of financial support from its parent undertaking Nestlé UK Ltd, who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities for a period of twelve months from the date of approval of the balance sheet.

On the basis of their assessment of the Company's financial position and performance, and of enquiries made to Nestlé UK Ltd., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for a period of twelve months from date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

#### **Impact of Brexit**

The Trade and Cooperation agreement secured by the EU and the UK in late 2020 meant that the significant tariff costs that would have arisen in a no deal scenario were avoided. The business has still faced some cost increases as a result of the end of the transition period. This is caused by increased customs processing costs, and the implementation of new rules such as the use of heat treated pallets for all trade.

The challenges faced by importing and exporting companies at the EU-UK border, both across the Channel and across the Irish Sea, are widely known, and the Company has not been immune to these. The business has, however, thanks to its careful planning for EU exit, managed to maintain supply to its customers.

From the 1 January 2021, the Company has made some changes to its supply chain model in relation to sales made to some customers within the European Union. Changes have been necessary to minimise disruption to supply and manage some of the risks and potential duty costs associated with the FTA. The changes will see an initial reduction in future sales revenue through the Company.

## **VITAFLO (INTERNATIONAL) LIMITED**

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

#### **Impact of Covid-19**

The COVID-19 (Coronavirus) public health emergency continues to evolve. Nestlé has a COVID-19 Committee in place, to coordinate local actions to safeguard employee health and initiate Business Continuity Plans.

Operationally, the Company has been largely unaffected by the COVID-19 pandemic. As a provider of prescribed medical foods the Company has been recognised as a critical business throughout the pandemic with employees involved in warehousing, manufacture and distribution being considered as critical workers.

As a result, it has not been necessary to utilise any of the government furlough or tax deferment schemes, and despite the majority of employees working remotely this has not had a negative impact on Company performance.

With the exception of some volatile ordering patterns experienced during the initial offset of the COVID-19 pandemic the supply chain has been largely unaffected, due to the critical nature of the Company products.

Despite this health emergency, at the signing date, the Company continues to maintain a strong position and performance financially and it is expected that this will continue to be the case for the foreseeable future.

#### **Directors**

The directors who served during the year were:

C F Charlesworth  
K Montazeri

#### **Environmental matters**

The Company will seek to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The Company has complied with all applicable legislation and regulations.

#### **Research and development activities**

Research and Development (R&D) activities within the company include the development of new clinical nutrition products in the dietary management of inborn errors of metabolism and certain specific diseases as well as in the treatment of disease related malnutrition.

#### **Employee involvement**

Employees are recognised as key assets of the Company and their quality and motivation are essential for the Company to compete successfully in its markets. To help achieve corporate aims and objectives, the Company maintains and develops formal and informal systems of communication with its employees to discuss matters of mutual interest. Information on matters of concern to employees is given through bulletins, meetings, reports and newsletters, and includes information to enable them to gain awareness of financial and economic factors affecting the Company.

The Company fully supports the rights of individuals to seek, obtain and hold employment without discrimination on the grounds of race, colour, religion, origin, sex, sexual orientation, disability or marital status. The Company seeks to provide a working environment free of any harassment or intimidation. Policies relating to training, career development and succession are applied equally to disabled and able bodied employees. Employees who become disabled are retained, where possible, through redeployment and retraining, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Occupational Health and Safety continued to receive the same high profile in the year with a commitment across all areas of the business to sustain the continual improvement in performance. Proactive preventative Occupational Health and Safety systems auditing continues and demonstrates increasing performance and the development of plans to continue with continual increase in performance.

## **VITAFLO (INTERNATIONAL) LIMITED**

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

#### **Business relationship engagement**

The Company seeks to develop business practices and behaviour that meet the highest standards of responsibility towards all stakeholders.

Our global stakeholder network includes investors, multilateral organizations, governments, NGOs, academia, local communities, suppliers, consumers and customers. One way we engage with our stakeholders is through regular convenings, providing opportunities to highlight issues that are important to them. The outcomes of these convenings are then communicated to senior management so actions can be taken to address concerns.

#### **Greenhouse gas emissions, energy consumption and energy efficient action**

The Nestlé Group is committed to reduce its impact on the environment where the Company has taken steps to switch to reduce its carbon footprint wherever possible.

The Company's energy usage for 2020 was 369,598 KWh and the greenhouse gas emissions were 1,363 tCO<sub>2</sub>e.

The Company measures emissions intensity with the ratio of tonnes of CO<sub>2</sub> per £m revenue. In 2020 this was 0.0261 for the Company.

The Company is continually looking at ways in which it can improve energy efficiency and reduce greenhouse gas emissions. Such projects already include the banning of single use plastics in all its products and a commitment to ensuring all packaging is 100% recyclable by 2025.

#### **Matters covered in the strategic report**

The business review, principal risks and uncertainties for the Company, Strategic Management and a S172 statement are disclosed in the Strategic Report.

#### **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.

#### **Auditor**

The auditor, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 July 2021 and signed on its behalf.

  
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**C F Charlesworth**  
Director



## **VITAFLO (INTERNATIONAL) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless they either intend to liquidate the Company or to cease operations, or have no alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAFLO (INTERNATIONAL) LIMITED**

### **Opinion**

We have audited the financial statements of Vitaflo (International) Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and related notes 1 to 25, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to the going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **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 directors are 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 this 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 there is 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 the 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 VITAFLO (INTERNATIONAL) LIMITED**

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' 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 directors' 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 directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the 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.

### **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.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", the Companies Act 2006 and the relevant UK tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, being anti-bribery regulations, GDPR, employment law and

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VITAFLO (INTERNATIONAL) LIMITED

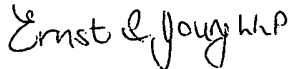
regulations and food safety regulations.

- We understood how Vitaflo (International) Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes, as well as consideration of the results of our audit procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur through internal team discussions and inquiry of management and those charged with governance to understand where they considered there was susceptibility to fraud. We considered the risk of management override and assumed revenue to be a fraud risk, specifically as a result of year end cut off and manual journals posted.
- In respect of risk of management override, we performed audit procedures to address the identified fraud risk by incorporating data analytics into our testing of manual journals, identifying specific transactions which did not meet our expectations and investigated these and agreed to supporting documentation to corroborate our understanding. For the fraud risk on revenue recognition, we tested a sample of revenue recognised two weeks either side of the year end by checking Proof of Delivery notes, to agree appropriate cut off.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing journals identified which did not meet our expectations.

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](http://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.



Elizabeth Jones (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Liverpool

16 July 2021

**VITAFLO (INTERNATIONAL) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Turnover	2	52,128	45,550
Cost of sales		(33,571)	(30,058)
<b>Gross profit</b>		<b>18,557</b>	<b>15,492</b>
Administrative expenses		(7,121)	(7,145)
<b>Operating profit</b>	4	<b>11,436</b>	<b>8,347</b>
Income from shares in group undertakings	3	1,040	3,491
Interest payable and similar expenses	8	(60)	(107)
<b>Profit before tax</b>		<b>12,416</b>	<b>11,731</b>
Tax on profit	9	(2,153)	(1,578)
<b>Profit for the financial year</b>		<b>10,263</b>	<b>10,153</b>

All activities of the Company relate to continuing operations.

The Company has no recognised gains or losses other than the profit above and therefore no separate statement of other comprehensive income has been presented.

The notes on pages 14 to 32 form part of these financial statements.

**VITAFLO (INTERNATIONAL) LIMITED**  
**REGISTERED NUMBER:03380926**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Tangible assets	11	5,952	2,471
Investments	12	27	27
Debtors due after more than 1 year	14	280	280
		<u>6,259</u>	<u>2,778</u>
<b>Current assets</b>			
Stocks	13	11,503	9,078
Debtors: amounts falling due within one year	14	17,936	17,158
Cash at bank and in hand	15	1,172	688
		<u>30,611</u>	<u>26,924</u>
Creditors: amounts falling due within one year	16	(22,557)	(18,433)
<b>Net current assets</b>		<u>8,054</u>	<u>8,491</u>
<b>Total assets less current liabilities</b>		<u>14,313</u>	<u>11,269</u>
Creditors: amounts falling due after more than one year	17	(3,357)	(398)
		<u>10,956</u>	<u>10,871</u>
<b>Net assets</b>		<u><u>10,956</u></u>	<u><u>10,871</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	625	625
Share premium account	21	17	17
Capital redemption reserve	21	170	170
Profit and loss account	21	10,144	10,059
		<u>10,956</u>	<u>10,871</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 July 2021.

C F Charlesworth  
Director

The notes on pages 14 to 32 form part of these financial statements.

**VITAFLO (INTERNATIONAL) LIMITED**

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

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2020	625	17	170	10,059	10,871
Profit for the year	-	-	-	10,263	10,263
Dividends paid (see note 10)	-	-	-	(10,178)	(10,178)
<b>At 31 December 2020</b>	<b>625</b>	<b>17</b>	<b>170</b>	<b>10,144</b>	<b>10,956</b>

The notes on pages 14 to 32 form part of these financial statements.

**VITAFLO (INTERNATIONAL) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Capital redemption reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2019	625	17	170	3,358	4,170
Profit for the year	-	-	-	10,153	10,153
Dividends paid (see note 10)	-	-	-	(3,452)	(3,452)
<b>At 31 December 2019</b>	<b>625</b>	<b>17</b>	<b>170</b>	<b>10,059</b>	<b>10,871</b>

The notes on pages 14 to 32 form part of these financial statements.



## VITAFLO (INTERNATIONAL) LIMITED

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

#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

VitaFlo (International) Limited (the "Company") is a company incorporated and domiciled in the UK. The registered address is Suite 1.11, South Harrington Building, 182 Sefton Street, Brunswick Business Park, Liverpool, L3 4BQ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

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 judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company's ultimate parent undertaking, Nestlé S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Nestlé S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Nestlé Headquarters, CH1800, Vevey, Switzerland.

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- 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

## VITAFLO (INTERNATIONAL) LIMITED

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

#### 1. Accounting policies (continued)

##### 1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, financial risk management objectives and its exposure to risks and uncertainties are described in the Strategic Report.

The directors are required to consider the availability of resources to meet the Company's liabilities for a period of at least twelve months from the date of approval of these financial statements. The directors have considered the going concern position of the Company, taking into account the continued uncertainty surrounding the current COVID-19 pandemic.

As part of this going concern review, the directors have analysed cashflow forecasts covering the period to 31 December 2022

The Company has net current assets of £8,054,000 (2019 - £8,491,000), net assets of £10,956,000 (2019 - £10,871,000) with a cash balance of £1,172,000 as of 31<sup>st</sup> December 2020. Further, the Company does not have any external borrowings, other than amounts payable to other Nestlé S.A. group undertakings of £11,766,000 (2019 - £10,419,000). The Company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The board acknowledges the general uncertainty provided by COVID-19 and as such has obtained a written confirmation of financial support from its parent undertaking Nestlé UK Ltd, who has confirmed it will provide financial support to assist the Company to meet its liabilities as and when they fall due, but only to the extent that money is not otherwise available to the Company to meet such liabilities for a period of twelve months from the date of approval of the balance sheet.

On the basis of their assessment of the Company's financial position and performance, and of enquiries made to Nestlé UK Ltd., the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future and for a period of twelve months from date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

##### 1.4 Revenue

Revenue is recognised when control is transferred to the customer. Factors that may indicate the point in time at which control is transferred include, but are not limited to:

- the Company has a present right to payment for the asset;
- the customer has legal title to the asset;
- the Company has transferred physical possession of the asset;
- the customer has the significant risks and rewards related to the ownership of the asset; and
- the customer has accepted the asset.

Revenue is measured as the amount of consideration which the Company expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, sales taxes, pricing allowances, other trade discounts and couponing and price promotions to consumers.

## VITAFLO (INTERNATIONAL) LIMITED

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

#### 1. Accounting policies (continued)

##### 1.5 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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:

Plant & machinery	- 15%
Fixtures & fittings	- 15 - 20%
Computer equipment	- 25%

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.

##### 1.6 Operating leases: the Company as lessee

The Company assesses whether a contract is, or contains a lease, at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct use of the asset.

The Company recognises a right-of-use (ROU) asset and lease liability at the lease commencement date, except for short term leases of 12 months or less which are expensed in the Profit and Loss account on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

At inception, the ROU asset comprises the initial lease liability, initial indirect costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term of the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets. ROU assets are included in the Tangible Fixed Assets in the Statement of Financial Position

ROU assets are included in the heading "leased plant and machinery" and the lease liability is included in the heading "Lease liabilities".

## VITAFLO (INTERNATIONAL) LIMITED

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

#### 1. Accounting policies (continued)

##### 1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 1.8 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 balance sheet 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.

##### 1.9 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.

Long term debtors are measured at transaction price, less any impairment.

In line with IFRS9, the Company has made considerations for expected credit losses. These are reflected in a provision made for the impairment of trade and other debtors which is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of trade.

##### 1.10 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.

##### 1.11 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.

The Company always recognises lifetime expected credit losses (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

## **VITAFLO (INTERNATIONAL) LIMITED**

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

#### **1. Accounting policies (continued)**

##### **1.11 Financial instruments (continued)**

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 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.

##### **1.12 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.

## **VITAFLO (INTERNATIONAL) LIMITED**

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

#### **1. Accounting policies (continued)**

##### **1.13 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 Profit and Loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

##### **1.14 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. There will be a disclosure in the notes to the financial statements of dividends proposed or declared which were not recognised in the financial statements, if this happens prior to the financial statements being authorised for issue.

##### **1.15 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

## VITAFLO (INTERNATIONAL) LIMITED

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

#### 1. Accounting policies (continued)

##### 1.16 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 balance sheet 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 Balance Sheet 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 balance sheet date.

##### 1.17 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, which range from 3 to 6 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. Turnover

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

The directors believe that it would be seriously prejudicial to the interests of the Company to disclose the geographical split of turnover.

#### 3. Income from shares in group undertakings

	2020 £000	2019 £000
Vitaflor France SARL	1,040	3,491

The whole of Income from shares in group undertakings is attributable to dividends received from the Vitaflor France subsidiary company.

**VITAFLO (INTERNATIONAL) LIMITED**

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

**4. Operating profit**

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

	2020 £000	2019 £000
Depreciation of tangible fixed assets - owned	323	322
Depreciation of tangible fixed assets - leased	622	547
Loss on disposal of tangible fixed assets	15	-
Exchange differences	163	(198)
Defined contribution pension cost	559	519
	<u>559</u>	<u>519</u>

**5. Auditor's remuneration**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Company.

	2020 £000	2019 £000
Fees for the audit of the Company	20	48
	<u>20</u>	<u>48</u>

The value of non-audit services for the year was £NIL (2019 - £NIL).



**VITAFLO (INTERNATIONAL) LIMITED**

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

**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	2020 £000	2019 £000
Wages and salaries	9,546	8,506
Social security costs	1,169	1,049
Cost of defined contribution pension scheme	559	519
	<u>11,274</u>	<u>10,074</u>

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

	2020 No.	2019 No.
Production	53	50
Research & Development	47	48
Marketing	64	60
Administration	22	20
Directors	2	2
	<u>188</u>	<u>180</u>

**7. Directors' remuneration**

	2020 £000	2019 £000
Directors' emoluments	479	468
Directors pension costs - money purchase schemes	23	22
	<u>502</u>	<u>490</u>

During the year retirement benefits were accruing to 2 directors (2019 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £389,963 (2019 - £389,743).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £14,949 (2019 - £14,584).

**VITAFLO (INTERNATIONAL) LIMITED**

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

**8. Interest payable and similar expenses**

	2020 £000	2019 £000
Bank interest payable	46	84
Finance leases and hire purchase contracts	14	23
	<u>60</u>	<u>107</u>

The bank interest payable of £46,000 (2019 - £84,000) is wholly in respect of group cash pooling arrangements.

**9. Taxation**

	2020 £000	2019 £000
<b>Corporation tax</b>		
Current tax on profits for the year	2,157	1,557
Adjustments in respect of previous periods	14	10
<b>Total current tax</b>	<u>2,171</u>	<u>1,567</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	12	23
Changes to tax rates	(3)	(1)
Deferred tax relating to prior years	(27)	(11)
<b>Total deferred tax</b>	<u>(18)</u>	<u>11</u>
<b>Taxation on profit on ordinary activities</b>	<u>2,153</u>	<u>1,578</u>

# VITAFLO (INTERNATIONAL) LIMITED

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

### 9. Taxation (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 19.00% (2019 - 19.00%). The differences are explained below:

	2020 £000	2019 £000
Profit before tax	12,416	11,731
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%)	2,359	2,229
Effects of:		
Expenses not deductible for tax purposes	8	14
Adjustments to tax charge in respect of prior periods	(13)	(1)
Non-taxable income	(198)	(663)
Effect of change of tax rate	(3)	(1)
<b>Total tax charge for the year</b>	<b>2,153</b>	<b>1,578</b>

#### Factors that may affect future tax charges

The main rate of UK corporation tax is 19%, effective since 1 April 2017, and the deferred tax liability as at 31 December 2020 has been calculated using this rate. In the 3 March 2021 Budget it was announced that the UK corporation tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge.

### 10. Dividends

	2020 £000	2019 £000
Dividends declared and paid on £1 ordinary shares	10,178	3,452
	10,178	3,452

For 2020 £1.62 per share (2019 - £0.55 per share).

VITAFLO (INTERNATIONAL) LIMITED

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

11. Tangible fixed assets

	Plant & machinery £000	Fixtures & fittings £000	Computer equipment £000	Leased plant & machinery £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2020	1,465	1,792	544	3,987	7,788
Additions	171	430	231	3,635	4,467
Disposals	(48)	(103)	(57)	(3,306)	(3,514)
At 31 December 2020	1,588	2,119	718	4,316	8,741
<b>Depreciation</b>					
At 1 January 2020	589	1,285	326	3,117	5,317
Charge for the year on owned assets	144	109	70	-	323
Charge for the year on right-of- use assets	-	-	-	622	622
Disposals	(46)	(90)	(57)	(3,280)	(3,473)
At 31 December 2020	687	1,304	339	459	2,789
<b>Net book value</b>					
At 31 December 2020	901	815	379	3,857	5,952
At 31 December 2019	876	507	218	870	2,471

12. Fixed asset investments

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 January 2020	27
At 31 December 2020	27

# VITAFLO (INTERNATIONAL) LIMITED

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

### 12. Fixed asset investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
VitaFlo France SARL	38 Rue de Berri, 75008 Paris, France	Ordinary	100%
VitaFlo Limited	6 Moss Street, Paisley, Scotland, PA1 1BJ	Ordinary	100%

VitaFlo France SARL is a company that is incorporated in France.

The aggregate of the share capital and reserves as at 31 December 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £000	Profit £000
VitaFlo France SARL	7,623	4,196
VitaFlo Limited	20	-

### 13. Stocks

	2020 £000	2019 £000
Raw materials and consumables	4,935	3,491
Work in progress	11	257
Finished goods and goods for resale	6,557	5,330
	<u>11,503</u>	<u>9,078</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £9,613,000 (2019 - £8,560,000). The write-down of stocks to net realisable value amounted to £NIL (2019 - £NIL).

**VITAFLO (INTERNATIONAL) LIMITED**

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

**14. Debtors**

	2020 £000	2019 £000
<b>Due after more than one year</b>		
Amounts owed by group undertakings	148	148
Other long term debtors	132	132
	<u>280</u>	<u>280</u>

All amounts due from group undertakings are interest free.

	2020 £000	2019 £000
<b>Due within one year</b>		
Trade debtors	6,502	5,934
Amounts owed by group undertakings	8,744	9,808
Other debtors	1,783	678
Prepayments and accrued income	885	734
Deferred taxation	22	4
	<u>17,936</u>	<u>17,158</u>

Amounts owed by group undertakings include £86,000 (2019 - £NIL) in respect of group cash pooling arrangements which can be recovered on request. All other amounts due from group undertakings are interest free and payable on demand. Trade debtors, amounts recoverable from group undertakings (excluding cash pooling arrangements) and other debtors are stated after provision for expected credit losses of £NIL (2019 - £NIL).

**15. Cash and cash equivalents**

	2020 £000	2019 £000
Cash at bank and in hand	1,172	688
	<u>1,172</u>	<u>688</u>

**VITAFLO (INTERNATIONAL) LIMITED**

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

**16. Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
Trade creditors	3,621	2,309
Amounts owed to group undertakings	11,766	10,419
Corporation tax	2,157	1,557
Other taxation and social security	330	264
Lease liabilities	498	510
Other creditors	579	678
Accruals and deferred income	3,606	2,696
	<u>22,557</u>	<u>18,433</u>

Amounts owed to group undertakings include £10,181,000 (2019 - £6,870,000) in respect of group cash pooling arrangements.

Amounts owed to group undertakings under group cash pooling arrangements must be repaid on request.

All other amounts due from group undertakings are interest free and payable on request.

**17. Creditors: Amounts falling due after more than one year**

	2020 £000	2019 £000
Lease liabilities	3,357	398
	<u>3,357</u>	<u>398</u>

**VITAFLO (INTERNATIONAL) LIMITED**

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

**18. Financial instruments**

	2020 £000	2019 £000
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	1,172	688
Financial assets that are debt instruments measured at amortised cost	17,177	16,568
	<u>18,349</u>	<u>17,256</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(19,572)</u>	<u>(16,102)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise of trade and other debtors.

Financial liabilities measured at amortised cost comprise of trade and other creditors.

**19. Deferred taxation**

	2020 £000	2019 £000
At beginning of year	4	15
Charged to the profit or loss	18	(11)
<b>At end of year</b>	<u>22</u>	<u>4</u>

The deferred tax asset is made up as follows:

	2020 £000	2019 £000
Assets qualifying for capital allowances	(47)	(42)
Other timing differences	69	46
	<u>22</u>	<u>4</u>

**20. Share capital**

	2020 £000	2019 £000
<b>Allotted, called up and fully paid</b>		
625,000 (2019 - 625,000) Ordinary shares of £1.00 each	<u>625</u>	<u>625</u>



# VITAFLO (INTERNATIONAL) LIMITED

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

### 21. Reserves

#### Share premium

The balance of the share premium account represents the premium paid in excess of the nominal value of the issued share capital of the Company.

#### Capital redemption reserve

The reserve records the nominal value of shares repurchased by the Company.

#### Profit & loss account

This relates to the undistributed profits of the Company.

### 22. Performance Share Unit Plan (PSUP)

Members of senior management are awarded Performance Share Units (PSU) in the Nestlé Health Science (NHSc.) division that entitle participants to receive an equivalent amount of cash (accounted for as cash-settled share-based payment transactions) at the end of a three year restriction period.

Upon vesting, the number of shares to be delivered will range from 0% to 200% of the initial grant and be determined by the degree by which the performance measures of the PSUP have been met.

	2020 No.	2019 No.
<b>Number of PSU in units</b>		
Outstanding at the beginning of the year	5,320	4,875
Granted during the year	2,980	2,232
Settled and transfers to and from other group companies	(1,415)	(1,787)
<b>Outstanding at the end of the year</b>	<b>6,885</b>	<b>5,320</b>

The fair value of the cash-settled PSU is determined using a valuation model. Valuation is directly correlated with revenue growth performance and consolidated operating profit of the Nestlé Health Science (NHSc.) division and is performed on an annual basis.

Because Nestlé Health Science has no listed and traded shares, it requires periodic valuations of NHSc. and its PSUPs.

The weighted average fair value of the cash-settled PSU granted in 2020 is CHF 106.05 (2019 - CHF 100.94).

The range of value prices at the award date is from CHF97.95 to CHF111.33 (2019 CHF94.95 to CHF102.27).

### 23. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £559,000 (2019 - £519,000). Contributions amounting to £88,000 (2019 - £80,000) were payable to the scheme at the year end.

**VITAFLO (INTERNATIONAL) LIMITED**

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

**24. Leases**

	2020 £000	2019 £000
Set out below are the carrying amounts of lease liabilities (included under Creditors) and the movements during the period:		
As at 1 January	908	1,197
Additions	3,621	300
Interest	14	24
Payments	(688)	(613)
<b>As at 31 December</b>	<b>3,855</b>	<b>908</b>

Current (Note 16)	498	510
Non-current (Note 17)	3,357	398

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2020 £000	2019 £000
Interest expense on lease liabilities	14	24

Lease liabilities are due as follows:

	2020 £000	2019 £000
Between one and five years	2,648	908
Later than five years	1,207	-
	<b>3,855</b>	<b>908</b>

**VITAFLO (INTERNATIONAL) LIMITED**

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

**25. Controlling party**

Nestlé UK Ltd, which is registered in England and Wales, is the Company's immediate parent company.

The ultimate holding company is Nestlé S.A., CH-1800 Vevey, Switzerland which is incorporated in Switzerland, from whom copies of their group accounts can be obtained.