

# **NATURAL BALANCE FOODS LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022**



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**NATURAL BALANCE FOODS LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	I Maes J M M M Boone
<b>Registered number</b>	05083700
<b>Registered office</b>	Second Floor 45 Grosvenor Road St Albans AL1 3AW
<b>Independent auditor</b>	Alliotts LLP Friary Court 13-21 High Street Guildford GU1 3DL

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**NATURAL BALANCE FOODS LIMITED**

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## NATURAL BALANCE FOODS LIMITED

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

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

#### Principal activities

Natural Balance Foods Limited has been in the forefront of delivering healthy snack food options primarily to the British Retail and Wholesale market. We design, market and sell under the Nakd and JC's Trek brands a wide range of snack bars to most UK based retail, grocery, convenience and health food distributors. The primary objective is to deliver wholefood alternatives that taste great.

#### Fair review of the business

The directors have monitored the progress of company strategy by reference to selected financial and non-financial performance indicators. The financial indicators are revenue, gross profit, operating expenses and operating profit.

The Company sales for this year were £49,869,358 compared to £42,698,379 for the previous year. The sales growth excluding customer discounts during the financial year was 16.8% (2021: 6.5%).

Gross profit margin as percentage of sales has increased to 33.71% during the year (2021: 32.70%). Management continues to maintain a strong ethos in controlling overheads without it adversely impacting the growth of the Company. The net profit before tax for the year was £1,389,744 (2021: £238,070).

#### Financial Instruments

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations. In respect of bank balances, all of the business' cash balances are held in such a way that achieves a competitive rate of interest. Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts for time outstanding. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### Principal risks and uncertainties

The Company is not confronted with specific risks and uncertainties. The control environment and risk management processes are defined for the whole Lotus Bakeries Group and are disclosed on the Company's website: [www.lotusbakeries.com](http://www.lotusbakeries.com). Lotus Bakeries implemented and ongoing process of risk management ensuring that risks are identified, assessed, controlled and monitored in order to be kept at an acceptable level. The risk management process fits very closely with the implementation of the strategic, operational and financial objectives of the Company. The entire risk management process is based on the COSO Internal Control Framework. The Executive Committee of the Group has total responsibility for the risk management process for Lotus Bakeries and also reports on an annual basis to the Audit Committee. The EXCO has defined the risks which are considered to be the most important at Group level. There are no additional risks linked to Natural Balance Foods Limited other than those identified at Group level.

#### S.172(1) Statement and engagement with employees and other stakeholders

The following statement describes how the directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172 of the Companies Act 2006. This statement also includes disclosures relating to engagement with employees and other stakeholders. The Company is part of the wider Lotus Bakeries Group and its ultimate parent company is Lotus Bakeries NV. As such, the Company follows many of the processes and practices of the Lotus Bakeries Group which are further referenced in this statement where relevant. When making decisions, each director ensures that they act in a way that they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

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**NATURAL BALANCE FOODS LIMITED**


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


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

The Company is run as a business unit of the Lotus Bakeries Group. The directors understand the business and the evolving environment in which we operate. The strategy followed by the directors, and decisions taken to implement it, is intended to strengthen our position in the marketplace over the longer term. Our directors apply the Group strategies set by our ultimate parent company.

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

The directors recognise that employees are fundamental to the Company's success and is dedicated to their growth and development. The Company continually communicates with its employees through formal and informal meetings, offline and online communications. The business leaders frequently organise calls with employees to discuss latest business strategy, business wins and current issues affecting the business.

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

The directors recognise the importance of clear communication and proactive engagement with stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the Company. The Company regularly evaluates the quality of service provided; take relevant action on the basis of feedback received; and shape Company-wide future decision making to demonstrate continual improvement. We engage with our suppliers to ensure they also uphold the same standard and share the same commitment. Our suppliers are expected to comply with all applicable laws, including applicable anti-corruption laws, around the world; promote diversity and good corporate citizenship; meet and exceed environment, health and safety standards; respect human rights; support a sustainable and transparent supply chain.

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

The directors are committed to supporting economic, cultural, social and educational well-being of communities by investing in innovative programs that provide solutions and benefit to communities at large. More details on the Company's corporate social responsibility can be found on the Group company website <https://www.lotusbakeries.com/>

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

The Company follows policies set at the Group level for engaging and maintaining business relationships. The Company and the wider Lotus Bakeries Group are committed to the highest ethical, social and environmental principles. Further information on the Group's shared values can be found within the Lotus Bakeries Group annual report which can be found on the Group company website <https://www.lotusbakeries.com/>

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

The Company is a wholly owned subsidiary of Group and adheres to the group policies, often set by the ultimate parent, Lotus Bakeries NV.

This report was approved by the board on 6/22/2023

and signed on its behalf by.

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**I Maes**  
 Director

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## NATURAL BALANCE FOODS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Results and dividends

The profit for the year, after taxation, amounted to £1,126,294 (2021: £148,604).

The directors paid dividends of £12,003,680 during 2022 (2021: £nil).

#### Directors

The directors who served during the year were:

I Maes  
J M M M Boone

#### Political contributions

The Company made no political donations during the year (2021: £nil).

#### Future developments

The directors do not foresee any significant change in activities of the Company or in its financial performance in the foreseeable future.

#### Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### Engagement with suppliers, customers and others

We continue to strengthen the partnerships we have with our suppliers to deliver great quality products to our customers, at great value.

#### 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 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.

#### Auditors

The auditors, Alliotts LLP, were appointed in 2021 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**NATURAL BALANCE FOODS LIMITED**

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

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This report was approved by the board on 6/22/2023

and signed on its behalf.

DocuSigned by:

*Isabelle Maes*

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**I Maes**

Director

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**NATURAL BALANCE FOODS LIMITED**

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

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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 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements 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 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.



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## NATURAL BALANCE FOODS LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATURAL BALANCE FOODS LIMITED

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#### Opinion

We have audited the financial statements of Natural Balance Foods Limited (the 'Company') for the year ended 31 December 2022, which comprise Statement of Comprehensive Income, the Balance Sheet, the Statement of changes in equity and the related notes, including a summary of the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

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**NATURAL BALANCE FOODS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATURAL BALANCE FOODS LIMITED  
(CONTINUED)**

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**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 our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic report and 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 the 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 the 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 5, 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 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.

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## NATURAL BALANCE FOODS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATURAL BALANCE FOODS LIMITED (CONTINUED)

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#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### *Extent to which the audit was considered capable of detecting irregularities, including fraud*

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the confectionery sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

#### **Audit response to risks identified**

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

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

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing adherence and correspondence with the relevant food safety legislation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC.

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**NATURAL BALANCE FOODS LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATURAL BALANCE FOODS LIMITED  
(CONTINUED)**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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.

Christopher Cairns BSc FCA (Senior statutory auditor)  
for and on behalf of Alliot's LLP

Date 6/22/2023

Chartered Accountants  
Statutory Auditor

Friary Court  
13-21 High street  
Guildford  
Surrey  
GU1 3DL

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**NATURAL BALANCE FOODS LIMITED**

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

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	Note	2022 £	2021 £
Revenue	4	49,869,358	42,698,379
Cost of sales		(33,057,013)	(28,736,766)
<b>Gross profit</b>		<b>16,812,345</b>	<b>13,961,613</b>
Administrative expenses		(14,980,278)	(12,871,085)
<b>Operating profit</b>	5	<b>1,832,067</b>	<b>1,090,528</b>
Exceptional non-operating expenditure	9	(427,523)	(857,184)
Interest receivable	10	8,031	4,726
Interest payable	11	(22,831)	-
<b>Profit before tax</b>		<b>1,389,744</b>	<b>238,070</b>
Tax on profit	12	(263,450)	(89,466)
<b>Profit for the financial year</b>		<b>1,126,294</b>	<b>148,604</b>

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

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

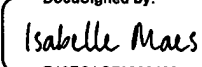
The notes on pages 13 to 26 form part of these financial statements.

**NATURAL BALANCE FOODS LIMITED**  
**REGISTERED NUMBER: 05083700**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	14	12,104	20,251
		<u>12,104</u>	<u>20,251</u>
<b>Current assets</b>			
Stocks	15	3,811,778	2,880,019
Debtors: amounts falling due after more than one year	16	145,638	285,563
Debtors: amounts falling due within one year	16	9,959,483	11,179,174
Deferred Taxation	20	14,230	4,312
Cash at bank and in hand	17	75,755	6,572,495
		<u>14,006,884</u>	<u>20,921,563</u>
Creditors: amounts falling due within one year	18	(11,664,493)	(7,709,933)
<b>Net current assets</b>		<u>2,342,391</u>	<u>13,211,630</u>
<b>Total assets less current liabilities</b>		<u>2,354,495</u>	<u>13,231,881</u>
<b>Net assets</b>		<u>2,354,495</u>	<u>13,231,881</u>
<b>Capital and reserves</b>			
Called up share capital	21	1,206	1,206
Share premium account	23	299,794	299,794
Profit and loss account	23	2,053,495	12,930,881
<b>Total equity</b>		<u>2,354,495</u>	<u>13,231,881</u>

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

DocuSigned by:  
  
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**I Maes**  
 Director

The notes on pages 13 to 26 form part of these financial statements.

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**NATURAL BALANCE FOODS LIMITED**


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


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	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2021</b>	<b>1,206</b>	<b>299,794</b>	<b>12,782,277</b>	<b>13,083,277</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	148,604	148,604
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>148,604</b>	<b>148,604</b>
<b>At 1 January 2022</b>	<b>1,206</b>	<b>299,794</b>	<b>12,930,881</b>	<b>13,231,881</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,126,294	1,126,294
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,126,294</b>	<b>1,126,294</b>
Dividends: Equity capital (note 13)	-	-	(12,003,680)	(12,003,680)
<b>At 31 December 2022</b>	<b>1,206</b>	<b>299,794</b>	<b>2,053,495</b>	<b>2,354,495</b>

The notes on pages 13 to 26 form part of these financial statements.

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## NATURAL BALANCE FOODS LIMITED

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

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#### 1. General information

Natural Balance Foods Limited (The 'Company') is a private company limited by shares incorporated in England and Wales. Its registered office and principal trading address is Second Floor 45 Grosvenor Road, St Albans, United Kingdom, AL1 3AW.

#### 2. Accounting policies

##### 2.1 Accounting convention

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. The financial statements have been prepared in Pounds Sterling which is the functional currency of the Company rounded to the nearest £.

The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions from the following disclosure requirements:

##### **Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.1A.

This information is included in the consolidated financial statements of Lotus Bakeries NV as at 31 December 2022 and these financial statements may be obtained from Lotus Bakeries NV, Gentstraat 1, B- 9971 Lembeke, Belgium.

##### 2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 2.3 Revenue

Revenue represents amounts receivable for goods net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.



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**NATURAL BALANCE FOODS LIMITED**

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

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**2. Accounting policies (continued)**

**2.4 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit and loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

**2.5 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.

**2.6 Interest income**

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

**2.7 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**2.8 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.

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**NATURAL BALANCE FOODS LIMITED**

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

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**2. Accounting policies (continued)****2.8 Tangible fixed assets (continued)**

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	5 years straight-line
Office equipment	-	4-5 years 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.

**2.9 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**2.10 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.

**2.11 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

**2.12 Creditors**

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

**2.13 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.

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**NATURAL BALANCE FOODS LIMITED**

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

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**2. Accounting policies (continued)**

**2.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense in the period in which the employee's services are received.

**2.15 Retirement benefits**

The Company contributes to defined contribution pension schemes for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

**2.16 Financial instruments**

Unless the arrangement constitutes a financing transaction, debt instruments that are payable or receivable within one year are measured at the undiscounted amount of cash or other consideration expected to be paid or received.

Other debt instruments are measured at amortised cost using the effective interest method.

Where an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

**2.17 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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**NATURAL BALANCE FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

**4. Revenue**

Revenue analysed by geographical market:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>38,932,042</b>	35,311,010
Rest of the world	<b>10,937,316</b>	7,387,369
	<u><b>49,869,358</b></u>	<u>42,698,379</u>

All revenue is from the sale of goods.

**5. Operating profit**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>8,147</b>	71,026
Exchange differences	<u><b>51,429</b></u>	<u>1,723</u>

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**NATURAL BALANCE FOODS LIMITED**

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**6. Employees**

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

	2022 £	2021 £
Wages and salaries	2,458,790	2,708,027
Social security costs	295,669	297,630
Cost of defined contribution pension scheme	93,698	93,470
	<u>2,848,157</u>	<u>3,099,127</u>

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

	2022 No.	2021 No.
Distribution	10	17
Sales	15	21
Management and administration	15	14
	<u>40</u>	<u>52</u>

**7. Directors' remuneration**

	2022 £	2021 £
Directors' emoluments	-	168,150

**8. Auditor's remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,525	22,500

There was no amount payable to the auditors for any non-audit services (2021: £nil).

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**NATURAL BALANCE FOODS LIMITED**

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**9. Exceptional non-operating expenses**

	<b>2022</b>	2021
	<b>£</b>	£
Exceptional non-operating expenses	<b>427,523</b>	857,184

Exceptional expenses for the current year relate to redundancy costs and legal fees post move to the new office in St Albans.

Exceptional expense for the prior year relates to expenses occurred due to relocation of office and redundancy which are of non-recurring nature.

**10. Interest receivable**

	<b>2022</b>	2021
	<b>£</b>	£
Interest receivable from group undertakings	<b>8,031</b>	4,726

**11. Interest payable**

	<b>2022</b>	2021
	<b>£</b>	£
Interest payable to group undertakings	<b>22,831</b>	-

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**NATURAL BALANCE FOODS LIMITED**

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

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**12. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	273,368	161,525
<b>Total current tax</b>	<u>273,368</u>	<u>161,525</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,538)	(93,951)
Adjustment in respect of prior periods	-	378
Effect of changes in tax rates	(2,380)	21,514
<b>Total deferred tax</b>	<u>(9,918)</u>	<u>(72,059)</u>
<b>Taxation on profit</b>	<u>263,450</u>	<u>89,466</u>

**Factors affecting tax charge for the year**

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

	2022 £	2021 £
Profit before tax	<u>1,389,744</u>	<u>238,070</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	264,051	45,233
<b>Effects of:</b>		
Fixed asset differences	-	39,390
Adjustments in respect of prior periods	-	3,821
Non-taxable income less expenses not deductible	2,226	2,056
Tax rate changes	(2,380)	(1,034)
Other	(447)	-
<b>Total tax charge for the year</b>	<u>263,450</u>	<u>89,466</u>

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**NATURAL BALANCE FOODS LIMITED**

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

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**12. Taxation (continued)**

**Factors that may affect future tax charges**

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The Finance Bill 2021 was substantively enacted on 24 May 2021 and given Royal Assent on 10 June 2021. As this was substantively enacted at the balance sheet date the measurement of deferred tax balances has been recognised at 25%. This change has resulted in a deferred tax credit of £2k.

**13. Dividends**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Dividends paid	<b>12,003,680</b>	<b>-</b>



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**NATURAL BALANCE FOODS LIMITED**

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

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**14. Tangible fixed assets**

	Fixtures and fittings £	Office equipment £	Total £
<b>Cost or valuation</b>			
At 1 January 2022	4,131	41,469	45,600
At 31 December 2022	<u>4,131</u>	<u>41,469</u>	<u>45,600</u>
<b>Depreciation</b>			
At 1 January 2022	3,262	22,087	25,349
Charge for the year	594	7,553	8,147
At 31 December 2022	<u>3,856</u>	<u>29,640</u>	<u>33,496</u>
<b>Net book value</b>			
At 31 December 2022	<u>275</u>	<u>11,829</u>	<u>12,104</u>
At 31 December 2021	<u>869</u>	<u>19,382</u>	<u>20,251</u>

**15. Stocks**

	2022 £	2021 £
Work in progress (goods to be sold)	-	446
Finished goods and goods for resale	3,811,778	2,879,573
	<u>3,811,778</u>	<u>2,880,019</u>

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**16. Debtors**

	2022 £	2021 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<b>145,638</b>	285,563
	<u>145,638</u>	<u>285,563</u>
	2022 £	2021 £
<b>Debtors: amounts falling due within one year</b>		
Trade debtors	6,351,840	6,040,346
Amounts owed by group undertakings	2,612,905	4,017,457
Other debtors	335,742	892,725
Prepayments and accrued income	413,256	55,400
Tax recoverable	245,740	173,246
	<u>9,959,483</u>	<u>11,179,174</u>

The amounts owed by group undertakings are unsecured, repayable on demand and interest free.

**17. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	75,755	6,572,495
	<u>75,755</u>	<u>6,572,495</u>

**18. Creditors: amounts falling due within one year**

	2022 £	2021 £
Trade creditors	4,445,879	1,655,106
Amounts owed to group undertakings	2,437,159	967,514
Other taxation and social security	70,189	81,032
Other creditors	53,594	230,410
Accruals and deferred income	4,657,672	4,775,871
	<u>11,664,493</u>	<u>7,709,933</u>

The amounts owed to group undertakings are unsecured, repayable on demand and interest free.

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**NATURAL BALANCE FOODS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Retirement benefit schemes**

## Defined contribution schemes

The Company contributes to defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the Company in independently administered funds.

The charge to profit and loss in respect of defined contribution schemes was £93,698 (2021: £93,470).

**20. Deferred taxation**

	<b>2022 £</b>
At 1 January 2022	<b>4,312</b>
Credited to profit or loss	<b>9,918</b>
<b>At 31 December 2022</b>	<b>14,230</b>

The deferred taxation balance is made up as follows:

	<b>2022 £</b>	<b>2021 £</b>
Fixed asset timing differences	<b>(2,587)</b>	<b>(4,535)</b>
Short term timing differences	<b>16,817</b>	<b>8,847</b>
	<b>14,230</b>	<b>4,312</b>

**21. Called up share capital**

	<b>2022 £</b>	<b>2021 £</b>
<b>Allotted, called up and fully paid</b>		
12,064 (2021: 12,064) Ordinary shares of £0.10 each	<b>1,206</b>	<b>1,206</b>

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Financial instruments**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
Cash at bank and in hand	<b>75,755</b>	6,572,495
Financial assets measured at amortised cost	<b>8,964,745</b>	11,236,092
	<u><b>9,040,500</b></u>	<u>17,808,587</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u><b>6,131,564</b></u>	<u>7,411,624</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owed by ground undertakings.

Financial liabilities measured at amortised cost comprise trade creditors and amounts owed to group undertakings.

**23. Reserves**

**Share premium account**

The share premium account includes any premiums received on the issue of the share capital. Any transaction costs associated with the issue of shares are deducted from share premium.

**Profit and loss account**

Profit and loss account represents the realised profits of the Company after deduction of distributions to shareholders.

**24. Operating leases commitments**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	<u>-</u>	<u>2,380</u>

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**NATURAL BALANCE FOODS LIMITED**


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**25. Related party transactions****Transactions with related parties during the year:**

	<b>Sales 2022 £</b>	<b>Sales 2021 £</b>	<b>Purchases 2022 £</b>	<b>Purchases 2021 £</b>
Entities with control over the Company	10,276,535	4,293,263	571,841	-
Fellow group undertakings	38,773	3,094,106	1,097,373	731,148
Other related parties	-	13,957	-	428,439
	<u>10,315,308</u>	<u>7,401,326</u>	<u>1,669,214</u>	<u>1,159,587</u>

**Amounts due/(owed) by related parties at the reporting end date:**

	<b>2022 £</b>	<b>2021 £</b>
Entities with control over the Company	68,787	2,076,573
Fellow group undertakings	(38,678)	830,588
Other related parties	291,275	428,346
	<u>321,384</u>	<u>3,335,507</u>

**26. Post balance sheet events**

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

**27. Controlling party**

As at the year end 97.9% of the Company's share capital is owned by Lotus Bakeries International und Schweiz. The ultimate parent company is Lotus Bakeries NV, a company incorporated in Belgium.

The ultimate controlling party is considered to be Stichting Administratiekantoor van aandelen Lotus Bakeries by virtue of its controlling shareholding in Lotus Bakeries NV.

The parent of the smallest and largest group in which the accounts of Lotus Bakeries UK Limited are consolidated is Lotus Bakeries NV. Copies of the consolidated financial statements can be obtained from their company website or from their registered office at Lotus Bakeries NV - Gentstraat 1 - 9971 Lembeke, Belgium.