

Company registration number 09389871 (England and Wales)

KENDAL NUTRICARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

KENDAL NUTRICARE LIMITED

COMPANY INFORMATION

Director	Mr R McMahon
Company number	09389871
Registered office	Mint Bridge Road Kendal LA9 6NL
Auditor	MHA Moore and Smalley Kendal House Murley Moss Business Village Oxenholme Road Kendal LA9 7RL

KENDAL NUTRICARE LIMITED

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KENDAL NUTRICARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents the strategic report for the year ended 31 March 2022.

Fair review of the business

Kendal Nutricare Limited is a manufacturer of family nutrition products across the entire lifecycle from infants to the elderly.

We promote the use of natural milk fats in our products without the use of palm oil or fish oil, no GMO's, and avoiding allergens like nuts, fish and eggs.

Our nutrition range is divided into:

- Infant formulas and infant cereals (branded KENDAMIL)
- Childhood nutrition (branded KENDAKIDS)
- Pregnancy supplements (branded KENDAMUM)
- Adult nutrition powders (branded KENDALIFE)
- Specialist powdered formulas

The year ending 31 March 2022 saw the business build upon last year's strong momentum for the Kendamil brand and establish material gains both in the UK and internationally. The business has now transitioned away completely from supplying product to third party brands as a contract-manufacturer, an important transition for the company and one enabled by the continued outperformance of the Kendamil brand

Growth in Kendamil branded sales was driven by strong organic performance in existing territories (both offline and online) alongside continued expansion into new markets. The Kendamil brand has gained significant traction in UK and European markets, with retail expansion in Tesco, ASDA, Boots, Ocado, Savers, Iceland and Lloyd's in the last twelve months. Complementing this rapid expansion has been a continued growth in PR - with the brand winning prestigious awards the Mother&Baby Gold Award 2022. Kendamil is unique in the industry for wet-blending fresh, locally sourced liquid milk fat, combined with essential fatty acids, unlike UK competitors who use 100% vegetable oils to match the entire fatty acid profile of breast milk.

This year also marked important milestones in research & development and product development. The year ended 31 March 2022 saw the launch of strategic product ranges including KENDAMIL READY-TO-FEED and a reformulation of KENDAMIL FRUIT AND SAVOURY CEREALS, designed to provide superior, quality nutrition, deepening the range of solutions our products provide while expanding the formats in which our award-winning brands can be enjoyed.

As we have emerged from COVID-19 we are pleased to report that the business appears to have navigated the worst of the pandemic, with our facility avoiding any adverse effects, to either the team, factory or product. Nevertheless, we continue to remain vigilant and have the highest health and safety standards in place to continue to protect against it. Brexit has added additional administration costs on export documentation but has not had a material impact upon our sales for the year in question.

KENDAL NUTRICARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties

The director has identified the following principle risks and uncertainties affecting the company:

Market Risk: The company is affected by the availability and prices for whole milk, skim milk, demineralized whey, lactose and fruit powders, as well as Organic whole milk, organic lactose and Organic whey. To mitigate the risk we keep in close contact with suppliers to keep them updated on our volume forecasts.

Legislation and Regulatory risk: The company keeps up to date on global infant regulation changes through local offices, our international expert network and our partners on-the-ground. In the UK the company liaises directly with DEFRA, Campden Research and Public Health England to keep informed of changing regulations. The company has not experienced any material adverse impact on product sales entering Europe following Brexit. As a Commonwealth Export Champion we see market opportunities opening up in Commonwealth countries.

Actions of Competitors: We see the switch by competitors towards the Organic category as validation of our product ethos and direction. We expect to benefit from this wave as larger players grow awareness of and evangelise the product category, within which KENDAMIL forms the highest quality, most natural product.

Key performance indicators

The company monitors its performance using a number of measures. These include:

Sales - £34.1m (2021: £18.1m)

Gross Profit - £10.0m (2021: £4.3m)

Days in Inventory - 85 days (2021: 98 days)

Stock Turnover (Times) - 4 times (2021: 4 times)

The Director is happy with the current level of performance indicators.

Future developments

Kendal Nutricare Ltd has grown rapidly through successfully developing and launching new recipes to suit the regulatory requirements in foreign markets.

This will be complemented by continued internationalisation, for which we are in advanced discussions with several new strategic territories to launch the KENDAMIL and KENDALIFE brands.

The profits generated by the business shall be channelled into investments on-site, where we are planning significant investment in buildings, equipment and people to meet growing demand.

As we emerge from the COVID-19 pandemic, we will continue to maintain the highest health and safety site, both onsite and across our supply chain, safeguarding the health and wellbeing of our customers, our employees and our partners.

The post year-end rise in energy prices, triggered by the war in Ukraine and consequent raw material inflation in the UK and globally have been factored by Kendal Nutricare management into commercial discussions with our export partners and retailers. As a company we remain committed to being competitively positioned in each of our international markets with the highest quality ingredients, at a price that is accessible to all parents. The low leverage of the business ensures the company is largely safeguarded from interest rate movements we have seen post year-end and which we expect will persist.

Kendal Nutricare was the first new international responder to the US formula shortage in 2022, collaborating with the FDA under enforcement discretion and The White House under Operation Fly Formula. We continue to supply US parents with essential formula supply in 2023 as part of Kendal Nutricare's ambitions to establish a permanent US presence.

KENDAL NUTRICARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

On behalf of the board

Mr R McMahon
Director

15 March 2023

KENDAL NUTRICARE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents his annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company is that of manufacturing and supply of nutrition and healthcare products.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr R McMahon

Auditor

In accordance with the company's articles, a resolution proposing that MHA Moore and Smalley be reappointed as auditor of the company will be put at a General Meeting.

Strategic Report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of Future Developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr R McMahon
Director

15 March 2023

KENDAL NUTRICARE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies 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 director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

KENDAL NUTRICARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF KENDAL NUTRICARE LIMITED

Qualified opinion on financial statements

We have audited the financial statements of Kendal Nutricare Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 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 qualified opinion

On 23 March 2020, the UK Government announced lockdown measures to stem the coronavirus pandemic. As a result of the lockdown measures and following the government guidelines at the time, we were not able to attend the year end stock take for year ended 31 March 2020. This decision was taken to give due consideration to the safety of both the company's staff and the audit staff. As a result, we did not observe the counting of physical stock at 31 March 2020.

We were unable to use alternative procedures to provide assurance over the stock quantities held on the balance sheet at 31 March 2020. The directors informed us it was not practical to verify the stock quantities once the lockdown had been eased, as by this date the stock had moved considerably, meaning it would not have been practical to perform an accurate rollback to the quantities held at 31 March 2020. Consequently, we were unable to determine whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. Our audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures. In addition, were any adjustment to the stock or cost of sales figures to be required, the strategic report would also need to be amended.

For the years ending 31 March 2021 and 31 March 2022, we were able to observe the counting of physical stock at the year end and therefore, we were able to obtain assurance over the stock quantities held on the balance sheet at those respective dates.

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 sufficient and appropriate to provide a basis for our qualified opinion.

KENDAL NUTRICARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF KENDAL NUTRICARE LIMITED

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the closing stock balances held at 31 March 2020 of £3,212,707. We have concluded that where the other information refers to stock balances such as cost of sales, they may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects on the corresponding figures of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, 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 and the director's report.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we are unable to determine whether adequate accounting records have been kept.

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

- 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 remuneration specified by law are not made.

KENDAL NUTRICARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KENDAL NUTRICARE LIMITED

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has 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.

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 specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below.

- enquiring of management and those charged with governance of any actual and potential litigation and claims;
- reviewing the financial statement disclosures and testing of supporting documentation to assess compliance with the relevant laws and regulations;
- assessing whether the judgements made in making accounting estimates are indicative of any potential bias;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- auditing the risk of fraud in revenue, including through the testing of the cut off of income at the year end and sales transaction testing to ensure revenue is complete in the financial statements and recognised in the correct accounting period

We identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; food standards and safety law and compliance with the UK Companies Act 2006.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

KENDAL NUTRICARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF KENDAL NUTRICARE LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.

Damian Walmsley (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Kendal House
Murley Moss Business Village
Oxenholme Road
Kendal
LA9 7RL

15 March 2023

KENDAL NUTRICARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	34,123,525	18,114,743
Cost of sales		(24,161,294)	(13,863,665)
Gross profit		<u>9,962,231</u>	<u>4,251,078</u>
Distribution costs		-	(88,527)
Administrative expenses		(3,591,840)	(2,507,982)
Other operating income		339,475	585,353
Operating profit	4	<u>6,709,866</u>	<u>2,239,922</u>
Interest payable and similar expenses	7	(71,731)	(101,841)
Profit before taxation		<u>6,638,135</u>	<u>2,138,081</u>
Tax on profit	8	(1,949,563)	456,086
Profit for the financial year		<u>4,688,572</u>	<u>2,594,167</u>
Other comprehensive income			
Tax relating to other comprehensive income	8	(254,502)	40,769
Total comprehensive income for the year		<u><u>4,434,070</u></u>	<u><u>2,634,936</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

KENDAL NUTRICARE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Negative goodwill	9	(7,534,185)		(7,978,684)	
Tangible assets	10	17,651,406		17,069,546	
Investments	11	1		1	
		<u>10,117,222</u>		<u>9,090,863</u>	
Current assets					
Stocks	13	5,294,898		3,725,311	
Debtors	14	6,122,176		1,766,017	
Cash at bank and in hand		4,004,572		110,993	
		<u>15,421,646</u>		<u>5,602,321</u>	
Creditors: amounts falling due within one year	15	<u>(8,419,978)</u>		<u>(3,904,234)</u>	
Net current assets		<u>7,001,668</u>		<u>1,698,087</u>	
Total assets less current liabilities		<u>17,118,890</u>		<u>10,788,950</u>	
Creditors: amounts falling due after more than one year	16	(1,320,632)		(768,961)	
Provisions for liabilities					
Deferred tax liability	18	4,203,077		2,858,878	
		<u>(4,203,077)</u>		<u>(2,858,878)</u>	
Net assets		<u>11,595,181</u>		<u>7,161,111</u>	
Capital and reserves					
Called up share capital	19	1		1	
Revaluation reserve		3,490,060		3,871,379	
Profit and loss reserves		8,105,120		3,289,731	
Total equity		<u>11,595,181</u>		<u>7,161,111</u>	

The financial statements were approved and signed by the director and authorised for issue on 15 March 2023

Mr R McMahon
Director

Company Registration No. 09389871

KENDAL NUTRICARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Revaluation reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2020	1	4,044,749	481,425	4,526,175
Year ended 31 March 2021:				
Profit for the year	-	-	2,594,167	2,594,167
Other comprehensive income:				
Tax relating to other comprehensive income	-	40,769	-	40,769
Total comprehensive income for the year	-	40,769	2,594,167	2,634,936
Transfers	-	(214,139)	214,139	-
Balance at 31 March 2021	1	3,871,379	3,289,731	7,161,111
Year ended 31 March 2022:				
Profit for the year	-	-	4,688,572	4,688,572
Other comprehensive income:				
Tax relating to other comprehensive income	-	(254,502)	-	(254,502)
Total comprehensive income for the year	-	(254,502)	4,688,572	4,434,070
Transfers	-	(126,817)	126,817	-
Balance at 31 March 2022	1	3,490,060	8,105,120	11,595,181

KENDAL NUTRICARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	24		5,745,238		(97,182)
Interest paid			(71,731)		(101,841)
Income taxes refunded			193,451		-
Net cash inflow/(outflow) from operating activities			5,866,958		(199,023)
Investing activities					
Purchase of tangible fixed assets		(1,236,141)		(566,116)	
Net cash used in investing activities			(1,236,141)		(566,116)
Financing activities					
Proceeds of new bank loans		-		1,000,000	
Repayment of bank loans		(191,449)		(139,639)	
Net cash (used in)/generated from financing activities			(191,449)		860,361
Net increase in cash and cash equivalents			4,439,368		95,222
Cash and cash equivalents at beginning of year			(434,796)		(530,018)
Cash and cash equivalents at end of year			4,004,572		(434,796)
Relating to:					
Cash at bank and in hand			4,004,572		110,993
Bank overdrafts included in creditors payable within one year			-		(545,789)

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Kendal Nutricare Limited is a private company limited by shares incorporated in England and Wales. The registered office is Mint Bridge Road, Kendal, LA9 6NL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of certain tangible fixed assets. The principal accounting policies adopted are set out below.

The company is exempt from the requirement to prepare group accounts by virtue of section 405 of the Companies Act 2006 as its subsidiary can be excluded from consolidation in Companies Act group accounts as it is immaterial. The financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Goodwill represents the difference between the cost of acquisition of businesses and the fair value of the net assets acquired. Negative goodwill arises when the fair value of the net assets acquired exceed the cost of acquisition. Negative goodwill is initially recognised as a negative asset at cost and is subsequently measured at cost less accumulated amortisation. Negative goodwill is considered to have a finite useful life and is amortised to the profit and loss account over the period in which the associated non-monetary assets are recovered.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Going concern

The financial statements are prepared on a going concern basis. The company's director reports that the company made a profit before tax of £6,638,135 for the year, a 310% increase on last year and which has led to a positive profit and loss reserve as at 31 March 2022 of £8,105,120. The company's net profit continues to scale thanks to exceptional sales growth and in spite of a global Covid pandemic and Brexit. With total capital and reserves of £11,595,181 in place, the director considers the company to have a strong balance sheet. In addition, projections prepared by the company for the future show that it will generate profits and will have sufficient resources to meet all liabilities as they fall due for the foreseeable future.

The company has prepared profit and cash flow information with appropriate sensitivity analyses around operational performance. On the basis of these projections together with support from the company's director, bankers, suppliers, strong customer order book and various other funding raising options it has available to it, at the time of approving the financial statements the director is confident that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

The post year-end rise in energy prices, triggered by the war in Ukraine and consequent raw material inflation in the UK and globally have been factored by Kendal Nutricare management into commercial discussions with our export partners and retailers. As a company we remain committed to being competitively positioned in each of our international markets with the highest quality ingredients, at a price that is accessible to all parents. The low leverage of the business ensures the company is largely safeguarded from interest rate movements we have seen post year-end and which we expect will persist.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises sales income when goods are despatched.

1.5 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

1.6 Intangible fixed assets - goodwill

Goodwill represents the difference between the cost of acquisition of businesses and the fair value of the net assets acquired. Negative goodwill arises when the fair value of the net assets acquired exceed the cost of acquisition. Negative goodwill is initially recognised as a negative asset at cost and is subsequently measured at cost less accumulated amortisation. Negative goodwill is considered to have a finite useful life and is amortised to the profit and loss account over the period in which the associated non-monetary assets are recovered.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Land - nil, Buildings - 10 to 30 years SL
Plant and equipment	5% reducing balance or 5 to 20 years SL
Computers	5 years SL
Motor vehicles	3 years SL

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.8 Fixed asset investments

Interests are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investment is assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 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.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

1.11 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the company's financial assets fall to be classified as basic financial assets and the company has no other financial assets.

Impairment of financial assets

Financial assets 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.14 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease in which economic benefits from the lease asset are consumed.

1.18 Government grants

Grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Revenue grants are recognised as income over the periods when the related costs are incurred. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

Capital grants are recognised as income as and when the related performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.19 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 in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is 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 the revision and future periods where the revision affects both current and future periods.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Depreciation and amortisation of fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Negative goodwill is considered to have a finite useful life and is amortised to the profit and loss account over the period in which the associated non-monetary assets are recovered.

Valuation of stock

Stocks are held at costs less any provision for impairment. The calculation of any provision for impairment requires judgement. Such provisions are calculated using management's best estimate of likely future estimated selling price less costs to complete.

Valuation of land and buildings and plant and equipment

As detailed in note 11 to the financial statements, land and buildings and plant and equipment are stated at fair value based on valuations carried out by Sanderson Weatherall and Tallon & Associates respectively, who are firms of external independent valuers not connected with the company using their extensive market experience of the categories of assets valued. The valuations conform to International Valuation Standards and due to the specialised nature of the assets and the fact that the assets are rarely sold, except as part of a business combination, the most suitable valuation methodology was considered to be depreciated replacement cost. When calculating their valuations the external valuers have made various assumptions and estimates.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover analysed by class of business		
Sales of goods	34,123,525	18,114,743
	<u> </u>	<u> </u>
	2022	2021
	£	£
Turnover analysed by geographical market		
UK	17,646,478	7,831,717
Europe	9,511,328	4,804,326
Asia	4,767,399	4,457,156
Africa and Middle East	2,198,320	1,021,544
	<u> </u>	<u> </u>
	34,123,525	18,114,743
	<u> </u>	<u> </u>

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue (Continued)

	2022 £	2021 £
Other revenue		
Grants received	339,475	583,207

The turnover is attributable to the one principal activity of the company.

4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(51,517)	16,164
Research and development costs	450,227	408,190
Government grants	(339,475)	(583,207)
Fees payable to the company's auditor for the audit of the company's financial statements	13,200	12,000
Depreciation of owned tangible fixed assets	654,281	766,433
Amortisation of intangible assets	(444,499)	(458,113)
Operating lease charges	115,771	103,783

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Management	2	2
Staff	128	119
Total	130	121

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,725,939	3,330,887
Social security costs	331,274	298,542
Pension costs	593,161	139,573
	4,650,374	3,769,002

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Director's remuneration

	2022 £	2021 £
Remuneration for qualifying services	16,667	36,000
Company pension contributions to defined contribution schemes	153,601	1,416
	<u>170,268</u>	<u>37,416</u>

7 Interest payable and similar expenses

	2022 £	2021 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	46,113	86,131
Other interest on financial liabilities	25,618	15,710
	<u>71,731</u>	<u>101,841</u>

8 Taxation

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	888,211	-
Adjustments in respect of prior periods	(28,345)	(82,204)
Total current tax	<u>859,866</u>	<u>(82,204)</u>
Deferred tax		
Origination and reversal of timing differences	1,020,699	360,527
Adjustment in respect of prior periods	68,998	(734,409)
Total deferred tax	<u>1,089,697</u>	<u>(373,882)</u>
Total tax charge/(credit)	<u>1,949,563</u>	<u>(456,086)</u>

In addition to the amount charged/(credited) to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	<u>254,502</u>	<u>(40,769)</u>

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Taxation

(Continued)

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	6,638,135	2,138,081
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,261,246	406,235
Tax effect of expenses that are not deductible in determining taxable profit	231	-
Tax effect of income not taxable in determining taxable profit	(84,455)	(87,043)
Permanent capital allowances in excess of depreciation	(22,895)	-
Depreciation on assets not qualifying for tax allowances	25,054	41,335
Under/(over) provided in prior years	40,653	(816,613)
Effect of change in deferred tax rate	729,729	-
Taxation charge/(credit) for the year	1,949,563	(456,086)

9 Intangible fixed assets

	Negative goodwill £
Cost	
At 1 April 2021 and 31 March 2022	(12,642,399)
Amortisation and impairment	
At 1 April 2021	(4,663,715)
Amortisation charged for the year	(444,499)
At 31 March 2022	(5,108,214)
Carrying amount	
At 31 March 2022	(7,534,185)
At 31 March 2021	(7,978,684)

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2021	7,617,945	11,603,893	297,880	24,415	19,544,133
Additions	767,993	442,636	25,512	-	1,236,141
At 31 March 2022	8,385,938	12,046,529	323,392	24,415	20,780,274
Depreciation and impairment					
At 1 April 2021	614,743	1,592,383	265,737	1,724	2,474,587
Depreciation charged in the year	206,373	433,719	10,051	4,138	654,281
At 31 March 2022	821,116	2,026,102	275,788	5,862	3,128,868
Carrying amount					
At 31 March 2022	7,564,822	10,020,427	47,604	18,553	17,651,406
At 31 March 2021	7,003,202	10,011,510	32,143	22,691	17,069,546

The carrying value of land and buildings includes land of £1,475,000 which is not depreciated.

Land and buildings were revalued at a value of £7,600,000 at 31 March 2018 by independent valuers not connected with the company on the basis of fair value. The valuation conforms to International Valuation Standards and due to the specialised nature of the assets and the fact that they are rarely sold, except as part of a business combination, the most suitable valuation methodology was considered to be depreciated replacement cost. Additions subsequent to the valuation have been added at fair value and the carrying value of land and buildings at 31 March 2022 was £7,564,822. The director considers this valuation to be a fair indication of the value of the land and buildings at 31 March 2022.

Plant and equipment were revalued at a value of £10,813,500 at 31 March 2018 by independent valuers not connected with the company on the basis of fair value. The valuation conforms to International Valuation Standards and due to the specialised nature of the assets and the fact that they are rarely sold, except as part of a business combination, the most suitable valuation methodology was considered to be depreciated replacement cost. Additions subsequent to the valuation have been added at fair value and the carrying value of plant and equipment at 31 March 2022 was £10,020,427. The director considers this valuation to be a fair indication of the value of the plant and equipment at 31 March 2022.

If revalued assets were measured using the cost model, the carrying amounts would have been approximately £12,932,647 (2021 - £12,235,294), being cost £18,253,995 (2021 - £17,043,366) and depreciation £5,321,347 (2021 - £4,808,072).

11 Fixed asset investments

	Notes	2022 £	2021 £
Investments in subsidiaries	12	1	1

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost	
At 1 April 2021 & 31 March 2022	1
Carrying amount	
At 31 March 2022	1
At 31 March 2021	1

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Kendamil Limited	England	Ordinary	100.00

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Capital and Reserves £	Profit/(Loss) £
Kendamil Limited	1	-

13 Stocks

	2022 £	2021 £
Raw materials and consumables	1,390,626	1,045,474
Work in progress	1,388,510	822,169
Finished goods and goods for resale	2,515,762	1,857,668
	<u>5,294,898</u>	<u>3,725,311</u>

Included within this figure is an impairment loss of £96,416 (2021: £116,690) which was recognised against stock during the year due to slow-moving and obsolete stock.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	5,594,510	1,003,884
Corporation tax recoverable	-	193,356
Other debtors	489,631	290,060
Prepayments and accrued income	38,035	278,717
	<u>6,122,176</u>	<u>1,766,017</u>

15 Creditors: amounts falling due within one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	17	198,280	737,189
Trade creditors		3,941,007	1,555,142
Corporation tax		888,211	28,250
Other taxation and social security		126,355	92,600
Other creditors		250,232	256,542
Accruals and deferred income		3,015,893	1,234,511
		<u>8,419,978</u>	<u>3,904,234</u>

Bank loans and overdrafts of £198,280 (2021: £737,189) are secured by a first legal charge from the borrower over the property at Mint Bridge, Kendal and a debenture from the borrower over all assets of the undertaking.

16 Creditors: amounts falling due after more than one year

	Notes	2022	2021
		£	£
Bank loans and overdrafts	17	470,632	668,961
Other creditors		850,000	100,000
		<u>1,320,632</u>	<u>768,961</u>

Bank loans and overdrafts of £470,632 (2021: £668,961) are secured by a first legal charge from the borrower over the property at Mint Bridge, Kendal and a debenture from the borrower over all assets of the undertaking.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Loans and overdrafts

	2022 £	2021 £
Bank loans	668,912	860,361
Bank overdrafts	-	545,789
	<u>668,912</u>	<u>1,406,150</u>
Payable within one year	198,280	737,189
Payable after one year	<u>470,632</u>	<u>668,961</u>

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2022 £	Liabilities 2021 £
Balances:		
ACAs	366,838	204,169
Tax losses	-	(369,795)
Revaluations	1,162,542	908,040
Corporation tax on capital gain	<u>2,673,697</u>	<u>2,116,464</u>
	<u>4,203,077</u>	<u>2,858,878</u>
Movements in the year:		2022 £
Liability at 1 April 2021		2,858,878
Charge to profit or loss		1,089,697
Charge to other comprehensive income		<u>254,502</u>
Liability at 31 March 2022		<u>4,203,077</u>

The net deferred tax liability includes the potential corporation tax on capital gains that would fall due on the company if they ever sold the factory, of which a portion is expected to reverse within 12 months in respect of depreciation charged on fair value of assets acquired in the business combination.

In addition the net deferred tax liability also includes the potential corporation tax on revaluation surplus that would fall due on the company if they ever sold the factory, of which a portion is expected to reverse within 12 months in respect of depreciation charged on fair value of assets held at revaluation.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital				
Issued and fully paid				
Ordinary of £1 each	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	593,161	139,573
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	82,548	82,548
Between two and five years	-	82,548
	<u> </u>	<u> </u>
	82,548	165,096
	<u> </u>	<u> </u>

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases	
	2022 £	2021 £
Other related parties	31,070	7,133
	<u> </u>	<u> </u>

	Purchase of assets	
	2022 £	2021 £
Key management personnel	750,000	-
	<u> </u>	<u> </u>

KENDAL NUTRICARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****22 Related party transactions****(Continued)**

The following amounts were outstanding at the reporting end date:

	2022	2021
Amounts due to related parties	£	£
Key management personnel	858,919	115,229

Other information

The loan held with Metro Bank at the year end is guaranteed by the company's director. The total due to Metro Bank at the year end is £668,912.

23 Ultimate controlling party

The company is under the control of Mr R McMahon by virtue of his majority shareholding throughout the current and previous year.

24 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
Profit for the year after tax	4,688,572	2,594,167
Adjustments for:		
Taxation charged/(credited)	1,949,563	(456,086)
Finance costs	71,731	101,841
Amortisation and impairment of intangible assets	(444,499)	(458,113)
Depreciation and impairment of tangible fixed assets	654,281	766,433
Movements in working capital:		
Increase in stocks	(1,569,587)	(512,604)
Increase in debtors	(4,549,515)	(299,496)
Increase/(decrease) in creditors	4,944,692	(1,833,324)
Cash generated from/(absorbed by) operations	5,745,238	(97,182)

KENDAL NUTRICARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2022**25 Analysis of changes in net funds/(debt)**

	1 April 2021	Cash flows 31 March 2022	
	£	£	£
Cash at bank and in hand	110,993	3,893,579	4,004,572
Bank overdrafts	(545,789)	545,789	-
	<u>(434,796)</u>	<u>4,439,368</u>	<u>4,004,572</u>
Borrowings excluding overdrafts	(860,361)	191,449	(668,912)
	<u>(1,295,157)</u>	<u>4,630,817</u>	<u>3,335,660</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.