

Company Registration No. 09389871 (England and Wales)

KENDAL NUTRICARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

 **mha**
MOORE & SMALLEY

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 2021

The director presents the strategic report for the year ended 31 March 2021.

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 and KENDALIFE MEDI+)
- Specialist powdered formulas: Anti-colic, Anti-Reflux, Lactose Free, CMPA, SuperKosher & Halal

The year ending 31 March 2021 saw the business build upon last years' transition away from contract packing towards making meaningful brand market share gains in the UK and internationally. While overall group revenue declined, this was primarily due to the ending of the last major third-party manufacturing contract at the factory, removing a low-margin line which used up a disproportionate amount of production time. The decision to end this relationship was validated by the increased gross margin, despite a significant reduction in group top-line sales.

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 launches in Tesco, Boots, Ocado, Savers, Dunnes Stores and ChemistDirect in the last twelve months. Complementing this rapid expansion has been a significant growth in PR - with the brand winning several international accolades, including the Queens Award for Enterprise, the Monde Selection Grand Gold Award, the Made for Mums Gold Award and the Mother&Baby Gold Award.

This year also marked important milestones in R&D and product development. 2020/21 saw the launch of strategic product ranges including KENDAMIL CMPA and KENDAMIL 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.

The business responded decisively through the COVID-19 pandemic, implementing strict staff hygiene, segregation and safety measures, securing raw materials in advance and ensuring our online business was equipped to meet increased demand. We noted minimal disruption within our existing markets, albeit lockdown conditions coupled with Brexit have in some cases slowed certain new market launches and increased transportation costs. We expect COVID-19 will have minimal future impact on our business.

KENDAL NUTRICARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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. We are encouraged by continued academic research supporting the benefits of whole-milk formulations for infants, which we expect will continue to drive market share gains from competitors.

Key performance indicators

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

Sales - £18.1m (2020: £23.2m)

Gross Profit - £4.3m (2020: £3.9m)

Days in Inventory - 98 days (2020: 61 days)

Stock Turnover (Times) - 4 times (2020: 6 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 the KENDAMIL and KENDALIFE brands.

Finally, as we begin to 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.

On behalf of the board

Mr R McMahon
Director

17 December 2021

KENDAL NUTRICARE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The director presents his annual report and financial statements for the year ended 31 March 2021.

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 8.

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

17 December 2021

KENDAL NUTRICARE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 2021 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 FRS 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 2021 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 that year end.

We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 31 March 2020, which were included in the balance sheet at £3,212,707, by using other audit procedures. Consequently, we were unable to determine whether any adjustment at 31 March 2020 was necessary or whether there was any consequential effect on the cost of sales for the year ended 31 March 2021. In addition, were any adjustments to the stock balance to be required, the strategic report would also need to be amended.

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.

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.

KENDAL NUTRICARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KENDAL NUTRICARE LIMITED

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 stock of £3,212,707 held at 31 March 2020. We have concluded that where the other information refers to the opening stock balance or related balances such as cost of sales, it 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.

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:

- 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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.

KENDAL NUTRICARE LIMITED

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

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.

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.

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.

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 him 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

17 December 2021

KENDAL NUTRICARE LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021**

		2021	2020
	Notes	£	as restated £
Turnover	3	18,114,743	23,200,650
Cost of sales		(13,863,665)	(19,324,600)
Gross profit		<u>4,251,078</u>	<u>3,876,050</u>
Distribution costs		(88,527)	(153,162)
Administrative expenses		(2,348,175)	(2,799,534)
Other operating income		585,353	30,932
Exceptional item	4	(159,807)	-
Operating profit	6	<u>2,239,922</u>	<u>954,286</u>
Interest payable and similar expenses	9	(101,841)	(172,505)
Profit before taxation		<u>2,138,081</u>	<u>781,781</u>
Tax on profit	10	456,086	(172,847)
Profit for the financial year		<u>2,594,167</u>	<u>608,934</u>
Other comprehensive income			
Tax relating to other comprehensive income		40,769	(61,621)
Total comprehensive income for the year		<u><u>2,634,936</u></u>	<u><u>547,313</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 2021**

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Negative goodwill	11	(7,978,684)		(8,436,797)	
Tangible assets	12	17,069,546		17,269,863	
Investments	14		1		1
			<u>9,090,863</u>		<u>8,833,067</u>
Current assets					
Stocks	15	3,725,311		3,212,707	
Debtors	16	1,766,017		1,373,165	
Cash at bank and in hand		110,993		102,624	
		<u>5,602,321</u>		<u>4,688,496</u>	
Creditors: amounts falling due within one year	17	<u>(3,904,234)</u>		<u>(5,621,859)</u>	
Net current assets/(liabilities)			<u>1,698,087</u>		<u>(933,363)</u>
Total assets less current liabilities			<u>10,788,950</u>		<u>7,899,704</u>
Creditors: amounts falling due after more than one year	18		(768,961)		(100,000)
Provisions for liabilities					
Deferred tax liability	20	2,858,878		3,273,529	
		<u>(2,858,878)</u>		<u>(3,273,529)</u>	
Net assets			<u>7,161,111</u>		<u>4,526,175</u>
Capital and reserves					
Called up share capital	21		1		1
Revaluation reserve			3,871,379		4,044,749
Profit and loss reserves			3,289,731		481,425
Total equity			<u>7,161,111</u>		<u>4,526,175</u>

The financial statements were approved and signed by the director and authorised for issue on 17 December 2021

Mr R McMahon
Director

Company Registration No. 09389871

KENDAL NUTRICARE LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital	Revaluation reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2019	1	4,331,954	(353,093)	3,978,862
Year ended 31 March 2020:				
Profit for the year	-	-	608,934	608,934
Other comprehensive income:				
Tax relating to other comprehensive income	-	(61,621)	-	(61,621)
Total comprehensive income for the year	-	(61,621)	608,934	547,313
Transfers	-	(225,584)	225,584	-
Balance at 31 March 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

KENDAL NUTRICARE LIMITED**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2021**

	Notes	2021		2020	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(97,182)		1,136,332
Interest paid			(101,841)		(172,505)
Income taxes (paid)/refunded			-		156,778
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(199,023)		1,120,605
Investing activities					
Purchase of tangible fixed assets		(566,116)		(123,270)	
Receipts arising from loans made		-		8,355	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(566,116)		(114,915)
Financing activities					
Proceeds of new bank loans		1,000,000		-	
Repayment of bank loans		(139,639)		-	
		<u> </u>		<u> </u>	
Net cash generated from/(used in) financing activities			860,361		-
Net increase in cash and cash equivalents			95,222		1,005,690
Cash and cash equivalents at beginning of year			(530,018)		(1,535,708)
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			(434,796)		(530,018)
			<u> </u>		<u> </u>
Relating to:					
Cash at bank and in hand			110,993		102,624
Bank overdrafts included in creditors payable within one year			(545,789)		(632,642)
			<u> </u>		<u> </u>

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

1.3 Going concern

The financial statements are prepared on a going concern basis. The company's director is pleased to report that the company made a profit before tax of £2,138,081 for the year, a 173% increase on last year and which has led to a positive profit and loss reserve as at 31 March 2021 of £3,289,731. The company's net profit continues to scale at a significant rate in spite of a global Covid pandemic and Brexit. Furthermore, the company has proactively strengthened the balance sheet to fund the future growth of the business by securing a new borrowing facility of up to GBP £4,500,000 from Metro Bank providing a significant increase in the financing facilities made available to the company. With total capital and reserves of £7,161,111 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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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.

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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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 2021

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.

Amounts due to and from H.J. Heinz Manufacturing UK Limited

On the 15 May 2017, the company agreed with H.J. Heinz Manufacturing Limited to make amendments to the initial asset sale & purchase and third party manufacturing and supply agreements agreed in May 2015.

Under the terms of the initial asset sale & purchase agreement, a figure for the purchase of opening stock was agreed which under the terms of the revised agreement has been subsequently revised.

In addition, under the terms of the initial third party manufacturing and supply agreement, the company agreed to invoice H.J. Heinz Manufacturing Limited on delivery of products using a standard cost set out in the agreement. Then subsequently, the company agreed to carry out a "true up" exercise whereby they compared the actual costs of delivering the products to the standard prices charged and agreed to raise a further invoice or credit note to Heinz for the difference.

The calculation of such amounts requires judgement. Such amounts are calculated using management's best estimate of the amounts due to and from H.J. Heinz Manufacturing UK Limited.

Valuation of land and buildings and plant and equipment

As detailed in note 10 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.

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Sales of goods	18,114,743	23,200,650
	<u>18,114,743</u>	<u>23,200,650</u>
	2021	2020
	£	£
Other significant revenue		
Grants received	583,207	30,042
	<u>583,207</u>	<u>30,042</u>
	2021	2020
	£	£
Turnover analysed by geographical market		
UK	7,831,717	5,426,577
Europe	4,804,326	7,394,453
Asia	4,457,156	10,011,020
Africa and Middle East	1,021,544	368,600
	<u>18,114,743</u>	<u>23,200,650</u>

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

4 Exceptional item

	2021	2020
	£	£
Expenditure		
Research expenditure	159,807	-
	<u>159,807</u>	<u>-</u>

During the year, the company incurred expenditure in relation to research totalling £159,807. This expenditure is expected to be one-off research expenditure and has therefore been disclosed as an exceptional item in the year ended 31 March 2021.

5 Comparatives

The comparative profit and loss account has been restated to include advertising costs in administrative expenses rather than split between administrative expenses and distribution costs where they had previously been accounted for to give a fairer presentation of these costs. The effect of this change has been to reduce the amounts disclosed in distribution expenses and increase the amount in administrative expenses by £147,088.

KENDAL NUTRICARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****6 Operating profit**

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	16,164	77,974
Research and development costs	88,576	71,310
Government grants	(583,207)	(30,042)
Fees payable to the company's auditor for the audit of the company's financial statements	12,000	11,450
Depreciation of owned tangible fixed assets	766,433	784,494
Amortisation of intangible assets	(458,113)	(472,443)
Operating lease charges	103,783	122,411
	<u> </u>	<u> </u>

7 Employees

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

	2021	2020
	Number	Number
Management	2	2
Staff	119	134
Total	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	3,330,887	3,656,300
Social security costs	298,542	334,663
Pension costs	139,573	163,875
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

8 Director's remuneration

	2021	2020
	£	£
Remuneration for qualifying services	36,000	36,000
Company pension contributions to defined contribution schemes	1,416	1,440
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

KENDAL NUTRICARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****9 Interest payable and similar expenses**

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	86,131	97,838
Other interest on financial liabilities	15,710	74,667
	<u>101,841</u>	<u>172,505</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(100,000)
Adjustments in respect of prior periods	(82,204)	-
Total current tax	<u>(82,204)</u>	<u>(100,000)</u>
Deferred tax		
Origination and reversal of timing differences	360,527	272,847
Adjustment in respect of prior periods	(734,409)	-
Total deferred tax	<u>(373,882)</u>	<u>272,847</u>
Total tax (credit)/charge	<u>(456,086)</u>	<u>172,847</u>

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

	2021	2020
	£	£
Deferred tax arising on:		
Revaluation of property	<u>(40,769)</u>	<u>61,621</u>

The R&D credit included in the financial statements for the prior year, in the absence of the prior year R&D claim being finalised when the accounts were prepared, was a prudent estimate of previous year's claims.

KENDAL NUTRICARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2021****10 Taxation****(Continued)**

The actual (credit)/charge 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:

	2021	2020
	£	£
Profit before taxation	2,138,081	781,781
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	406,235	148,538
Tax effect of income not taxable in determining taxable profit	(87,043)	(89,768)
Tax effect of utilisation of tax losses not previously recognised	-	(46,500)
Effect of change in corporation tax rate	-	235,925
Depreciation on assets not qualifying for tax allowances	41,335	43,333
Research and development tax credit	-	(118,681)
Under/(over) provided in prior years	(816,613)	-
Taxation (credit)/charge for the year	(456,086)	172,847

11 Intangible fixed assets

	Negative goodwill
	£
Cost	
At 1 April 2020 and 31 March 2021	(12,642,399)
Amortisation and impairment	
At 1 April 2020	(4,205,602)
Amortisation charged for the year	(458,113)
At 31 March 2021	(4,663,715)
Carrying amount	
At 31 March 2021	(7,978,684)
At 31 March 2020	(8,436,797)

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 April 2020	7,617,945	11,097,360	262,712	-	18,978,017
Additions	-	506,533	35,168	24,415	566,116
At 31 March 2021	7,617,945	11,603,893	297,880	24,415	19,544,133
Depreciation and impairment					
At 1 April 2020	408,782	1,076,124	223,248	-	1,708,154
Depreciation charged in the year	205,961	516,259	42,489	1,724	766,433
At 31 March 2021	614,743	1,592,383	265,737	1,724	2,474,587
Carrying amount					
At 31 March 2021	7,003,202	10,011,510	32,143	22,691	17,069,546
At 31 March 2020	7,209,163	10,021,236	39,464	-	17,269,863

Land and buildings with a carrying amount of £7,003,202 were revalued at a value of £7,600,000 at 31 March 2018 by Nick Heap BSc (Hons) MRICS on behalf of Sanderson Weatherall, 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. The director considers this valuation to be a fair indication of the value of the land and buildings (excluding subsequent additions at cost) at 31 March 2021.

Plant and equipment with a carrying amount of £10,011,510 were revalued at a value of £10,813,500 at 31 March 2018 by John P Tallon MRICS on behalf of Tallon & Associates, 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. The director considers this valuation to be a fair indication of the value of the plant and equipment (excluding subsequent additions at cost) at 31 March 2021.

If revalued assets were measured using the cost model, the carrying amounts would have been approximately £12,235,294 (2020 - £12,236,842), being cost £17,043,366 (2020 - £16,536,833) and depreciation £4,808,072 (2020 - £4,299,991).

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

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

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

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Subsidiaries

(Continued)

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	-

14 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	13	1	1

Movements in fixed asset investments

	Shares in group undertakings £
Cost	
At 1 April 2020 & 31 March 2021	1
Carrying amount	
At 31 March 2021	1
At 31 March 2020	1

15 Stocks

	2021 £	2020 £
Raw materials and consumables	1,045,474	1,164,575
Work in progress	822,169	360,240
Finished goods and goods for resale	1,857,668	1,687,892
	<u>3,725,311</u>	<u>3,212,707</u>

Included within this figure is an impairment loss of £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 2021****16 Debtors**

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	1,003,884	789,598
Corporation tax recoverable	193,356	100,000
Other debtors	290,060	316,835
Prepayments and accrued income	278,717	166,732
	<u>1,766,017</u>	<u>1,373,165</u>

17 Creditors: amounts falling due within one year

	2021	2020
	£	£
	Notes	
Bank loans and overdrafts	19	737,189
Trade creditors		1,555,142
Corporation tax		28,250
Other taxation and social security		92,600
Other creditors		256,542
Accruals and deferred income		1,234,511
		<u>3,904,234</u>
		<u>5,621,859</u>

Bank loans and overdrafts of £737,189 (2020: £632,642) 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.

18 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
	Notes	
Bank loans and overdrafts	19	668,961
Other creditors		100,000
		<u>768,961</u>
		<u>100,000</u>

Bank loans and overdrafts of £668,961 (2020: £Nil) 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 2021

19 Loans and overdrafts

	2021	2020
	£	£
Bank loans	860,361	-
Bank overdrafts	545,789	632,642
	<u>1,406,150</u>	<u>632,642</u>
Payable within one year	737,189	632,642
Payable after one year	<u>668,961</u>	<u>-</u>

20 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 2021	Liabilities 2020
	£	£
Balances:		
ACAs	204,169	121,214
Tax losses	(369,795)	-
Revaluations	908,040	948,809
Corporation tax on capital gain	<u>2,116,464</u>	<u>2,203,506</u>
	<u>2,858,878</u>	<u>3,273,529</u>
Movements in the year:		2021
		£
Liability at 1 April 2020		3,273,529
Credit to profit or loss		(373,882)
Credit to other comprehensive income		<u>(40,769)</u>
Liability at 31 March 2021		<u>2,858,878</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 2021

21 Share capital

	2021	2020	2021	2020
Ordinary share capital Issued and fully paid	Number	Number	£	£
Ordinary of £1 each	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

22 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	139,573	163,875
	<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.

23 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:

	2021	2020
	£	£
Within one year	82,548	92,774
Between two and five years	82,548	165,096
	<u> </u>	<u> </u>
	<u>165,096</u>	<u>257,870</u>

24 Related party transactions

Transactions with related parties

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

	Purchases	
	2021	2020
	£	£
Other related parties	7,133	-
	<u> </u>	<u> </u>

The following amounts were outstanding at the reporting end date:

	2021	2020
Amounts due to related parties	£	£
Key management personnel	115,229	121,135
	<u> </u>	<u> </u>

KENDAL NUTRICARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Related party transactions (Continued)

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 £860,361.

25 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.

26 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	2,594,167	608,934
Adjustments for:		
Taxation (credited)/charged	(456,086)	172,847
Finance costs	101,841	172,505
Amortisation and impairment of intangible assets	(458,113)	(472,443)
Depreciation and impairment of tangible fixed assets	766,433	784,494
Movements in working capital:		
Increase in stocks	(512,604)	(911,689)
(Increase)/decrease in debtors	(299,496)	659,189
(Decrease)/increase in creditors	(1,833,324)	122,495
Cash (absorbed by)/generated from operations	<u>(97,182)</u>	<u>1,136,332</u>

27 Analysis of changes in net debt

	1 April 2020 £	Cash flows 31 March 2021 £	
Cash at bank and in hand	102,624	8,369	110,993
Bank overdrafts	(632,642)	86,853	(545,789)
	<u>(530,018)</u>	<u>95,222</u>	<u>(434,796)</u>
Borrowings excluding overdrafts	-	(860,361)	(860,361)
	<u>(530,018)</u>	<u>(765,139)</u>	<u>(1,295,157)</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.