

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2022**

for

WELEDA (U.K.) LIMITED



Haines Watts
Chartered Accountants & Statutory Auditor
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP

WELEDA (U.K.) LIMITED (REGISTERED NUMBER: 00203230)

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FOR THE YEAR ENDED 31 DECEMBER 2022**

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WELEDA (U.K.) LIMITED

Company Information FOR THE YEAR ENDED 31 DECEMBER 2022

Directors: N Yamolenko
O Beme

Registered office: Heanor Road
Ilkeston
Derbyshire
DE7 8DR

Registered number: 00203230 (England and Wales)

Auditors: Haines Watts
Chartered Accountants & Statutory Auditor
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP

Solicitors: Flint Bishop
St Michael's Court
St Michael's Lane
Derby
DE1 3HQ

WELEDA (U.K.) LIMITED

Strategic Report FOR THE YEAR ENDED 31 DECEMBER 2022

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

Principal activity

The principal activity of the company in the year under review was that of the manufacture and distribution of medicinal products and quality toiletries on the principles of anthroposophical medicines. Our purpose statement is: Unfolding health and beauty in harmony with nature and the human being.

REVIEW OF THE BUSINESS

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and complexity of our business and is written in the context of the risks and uncertainties we face.

The company's activities involve the production and sale of anthroposophical and homeopathic medicines, and natural organic beauty products. There were two major impacts on company growth. European price negotiations with a major internet client led to a major reduction in sales through that channel in the year. The cost-of-living crisis also limited sales volume in some of our channels. These negative impacts were offset in some instances as the company benefited from the increased footfall in retail and grocers. This led to our sales being level across the last two years. Despite the lower-than-expected sales performance, the company were able to react and implement effective cost saving measures to protect profitability.

IMPACT REPORT

We have continued with our initiative to have hybrid working for staff that are able to do so. This is designed to improve both the welfare of our teams and lessen our carbon footprint through fuel emissions.

Within the financial year we implemented and gained accreditation for being a Real Living Wage employer. This means we ensure that we pay our co-worker community a wage that reflects the demands of everyday life. This shows our commitment to looking after our workforce and the responsibility we feel, particularly in a cost-of-living crisis, to do what we can to support them.

We have recently signed the lease on a new warehouse facility and, as part of the move into this property, we are installing heat pump technology to ensure that our environmental impact is kept to a minimum despite the business growth.

When looking at the utilities for Etiquette Park we have also ensured that the suppliers guarantee the energy from renewable sources to reduce our carbon footprint.

In line with our values we announced in 2020 our intention to plant 1 million trees in the build up to our 100 year anniversary in 2021. Working with our partner TreeSisters, and in conjunction with the change in our Amazon relationship, we have now planted approximately 200,000 trees over the last couple of years.

WELEDA (U.K.) LIMITED

Strategic Report FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

The key financial performance indicators of turnover, gross margin and return on capital employed are shown below:

	2022	2021
Turnover £	11,702,131	11,702,013
Gross profit %	48.2	43.1
Net profit/(loss) before tax %	2.1	3.0
*ROCE %	25.0	22.1

*Operating profit/(loss) as percentage of shareholder's funds.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk affecting the company is the ongoing impact of the cost-of-living crisis, exchange rate fluctuations, and potential interest rate fluctuations on finance for Etiquette Park.

The company's liquidity risk is mitigated by loan facilities at preferential rates from the Group company.

On behalf of the board:



O Beme - Director

Date: 22.05.2023

WELEDA (U.K.) LIMITED

Report of the Directors FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

Dividends

£6,000 preference dividends have been accrued for the year ended 31 December 2022.

Directors

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N Yarmolenko
O Beme

Events after the end of the reporting period

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

Disclosure of information in the strategic report

The matters required to be disclosed under SI (2008) 410 Sch 7 are contained within the Strategic Report as is applicable in accordance with s414C(11) of the Companies Act 2006.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:


.....
O Beme - Director

Date: 22.05.2023

Report of the Independent Auditors to the Members of Weleda (U.K.) Limited

Opinion

We have audited the financial statements of Weleda (U.K.) Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

Report of the Independent Auditors to the Members of Weleda (U.K.) Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements. Specifically reviewing compliance with the Medicines and Healthcare products Regulatory Agency (MHRA) regulations as well as ensuring no instances of non-compliance noted in respect of other UK company, employment and taxation laws and regulations.
- Enquiring of management of any known or suspected instances of fraud, as well as considering management's assessment of the susceptibility of the financial statements to fraud.
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate an increased risk of material misstatement as a result of fraud.
- Ensuring amounts recorded as owed to and receivable from other group companies materially reconcile back to the intercompany matrix schedule.
- Performing substantive testing over a selection of journal entries made in the period, to address the risk of fraud due to management override of controls.
- Assessing accounting estimates which have a material impact of the year end accounts, to determine if there is indication of management bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

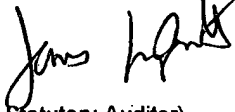
Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Weleda (U.K.) Limited**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Liptrott (Senior Statutory Auditor)
for and on behalf of Haines Watts
Chartered Accountants & Statutory Auditor
10 Stadium Business Court
Millennium Way
Pride Park
Derby
DE24 8HP

Date: 5/4/2023

WELEDA (U.K.) LIMITED

Income Statement FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	4	11,702,131	11,702,013
Cost of sales		<u>6,060,070</u>	<u>6,662,037</u>
Gross profit		5,642,061	5,039,976
Administrative expenses		<u>5,337,514</u>	<u>4,696,343</u>
		304,547	343,633
Other operating income		<u>34,147</u>	<u>14,158</u>
Operating profit		338,694	357,791
Interest receivable and similar income		<u>32</u>	<u>-</u>
		338,726	357,791
Interest payable and similar expenses	6	<u>88,803</u>	<u>6,000</u>
Profit before taxation	7	249,923	351,791
Tax on profit	9	<u>48,399</u>	<u>92,411</u>
Profit for the financial year		<u><u>201,524</u></u>	<u><u>259,380</u></u>

The notes form part of these financial statements

WELEDA (U.K.) LIMITED

Other Comprehensive Income FOR THE YEAR ENDED 31 DECEMBER 2022

Notes	2022 £	2021 £
Profit for the year	201,524	259,380
Other comprehensive income		
Remeasurement of the net defined benefit plan	64,000	(232,000)
Fair value adjustment of loans from group undertakings		
Income tax relating to other comprehensive income	-	-
Other comprehensive income for the year, net of income tax	<u>64,000</u>	<u>(232,000)</u>
Total comprehensive income for the year	<u><u>265,524</u></u>	<u><u>27,380</u></u>

The notes form part of these financial statements

WELEDA (U.K.) LIMITED (REGISTERED NUMBER: 00203230)**Statement of Financial Position
31 DECEMBER 2022**

	Notes	2022 £	2021 £
Fixed assets			
Intangible assets	10	233,524	272,156
Tangible assets	11	2,217,900	1,893,208
Investments	12	<u>1,594</u>	<u>1,594</u>
		<u>2,453,018</u>	<u>2,166,958</u>
Current assets			
Stocks	13	2,066,413	2,016,901
Debtors	14	4,033,244	3,329,217
Cash at bank		<u>786,280</u>	<u>578,948</u>
		<u>6,885,937</u>	<u>5,925,066</u>
Creditors			
Amounts falling due within one year	15	<u>(10,347,578)</u>	<u>(9,610,490)</u>
Net current liabilities		<u>(3,461,641)</u>	<u>(3,685,424)</u>
Total assets less current liabilities		<u>(1,008,623)</u>	<u>(1,518,466)</u>
Creditors			
Amounts falling due after more than one year	16	(234,319)	(100,000)
Provisions for liabilities	21	<u>(110,000)</u>	<u>-</u>
Net liabilities		<u>(1,352,942)</u>	<u>(1,618,466)</u>
Capital and reserves			
Called up share capital	22	1,395,000	1,395,000
Share premium	23	720,000	720,000
Retained earnings	23	<u>(3,467,942)</u>	<u>(3,733,486)</u>
Shareholders' funds		<u>(1,352,942)</u>	<u>(1,618,466)</u>

The financial statements were approved by the Board of Directors and authorised for issue on and were signed on its behalf by:


.....
O Borne - Director

The notes form part of these financial statements

WELEDA (U.K.) LIMITED

Statement of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 January 2021	1,395,000	(3,760,846)	720,000	(1,645,846)
Changes in equity				
Profit for the year	-	259,380	-	259,380
Other comprehensive income	-	(232,000)	-	(232,000)
Total comprehensive income	-	27,380	-	27,380
Balance at 31 December 2021	<u>1,395,000</u>	<u>(3,733,466)</u>	<u>720,000</u>	<u>(1,618,466)</u>
Changes in equity				
Profit for the year	-	201,524	-	201,524
Other comprehensive income	-	64,000	-	64,000
Total comprehensive income	-	265,524	-	265,524
Balance at 31 December 2022	<u>1,395,000</u>	<u>(3,467,942)</u>	<u>720,000</u>	<u>(1,352,942)</u>

The notes form part of these financial statements

WELEDA (U.K.) LIMITED

Statement of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	(51,147)	(218,978)
Interest paid		(88,803)	(6,000)
Tax paid		<u>(30,350)</u>	<u>(47,409)</u>
Net cash from operating activities		<u>(170,300)</u>	<u>(272,387)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(19,665)	(58,730)
Purchase of tangible fixed assets		(458,247)	(58,682)
Sale of tangible fixed assets		-	1,565
Interest received		<u>32</u>	<u>-</u>
Net cash from investing activities		<u>(477,880)</u>	<u>(115,847)</u>
Cash flows from financing activities			
Proceeds from hire purchase		226,050	-
Capital repayments in year		(16,381)	-
Loans from group		<u>645,843</u>	<u>531,276</u>
Net cash from financing activities		<u>855,512</u>	<u>531,276</u>
Increase in cash and cash equivalents		207,332	143,042
Cash and cash equivalents at beginning of year	2	578,948	435,906
Cash and cash equivalents at end of year	2	<u>786,280</u>	<u>578,948</u>

The notes form part of these financial statements

WELEDA (U.K.) LIMITED

Notes to the Statement of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 2022

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022	2021
	£	£
Profit before taxation	249,923	351,791
Depreciation charges	191,851	184,527
Profit on disposal of fixed assets	-	(1,565)
Net defined benefit pension costs	-	(232,000)
Accrued (income)/expenses	(58,287)	580,076
Finance costs	88,803	6,000
Finance income	(32)	-
	<u>472,258</u>	<u>888,829</u>
Increase in stocks	(49,512)	(141,607)
Increase in trade and other debtors	(704,027)	(1,284,266)
Increase in trade and other creditors	<u>230,134</u>	<u>318,066</u>
Cash generated from operations	<u>(51,147)</u>	<u>(218,978)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>786,280</u>	<u>578,948</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u>578,948</u>	<u>435,906</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22	Cash flow	At 31.12.22
	£	£	£
Net cash			
Cash at bank	<u>578,948</u>	<u>207,332</u>	<u>786,280</u>
	<u>578,948</u>	<u>207,332</u>	<u>786,280</u>
Debt			
Finance leases	-	(209,669)	(209,669)
Debts falling due after 1 year	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
	<u>(100,000)</u>	<u>(209,669)</u>	<u>(309,669)</u>
Total	<u>478,948</u>	<u>(2,337)</u>	<u>476,611</u>

The notes form part of these financial statements

WELEDA (U.K.) LIMITED

Notes to the Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2022

1. STATUTORY INFORMATION

Weleda (U.K.) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. STATEMENT OF COMPLIANCE

Weleda (U.K.) Limited, is a limited company incorporated in England. The registered office is Weleda, Heanor Road, Ilkeston, Derbyshire, DE7 8DR.

The financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

The accounting policies below have been consistently applied to all years presented unless otherwise stated.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit and loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

GOING CONCERN

These accounts are prepared on a going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The company's ability to meet future working capital requirement and therefore continue as a going concern is dependent upon the continued support of its parent. The directors have been given a letter of continued support from Weleda A.G. confirming their intentions for a period not less than 12 months from the approval of these accounts.

The directors are confident of this promised support being provided because of the historical support given, the strategic importance of the UK market and UK sales force, and the financial ability of Weleda A.G. to provide the support.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimate these factors in determining the net pension obligations in the statement of financial position. The assumptions reflect historical experience and current trends. See note 24 for the disclosures relating to the defined benefit pension scheme.

The company holds promotional stock items to be distributed for free of charge after the year-end. Management have considered the future economic benefits of these items through review of historic distributions of free stock.

The amount of turnover recognised is sensitive to the amount of customer discounts either contractual or non-contractual, as estimated by management. The value of estimated discounts is subject to estimated sales volumes under specific promotions.

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES - continued

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Rebates paid and due to customers are accounted for in reduction of the turnover.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, over the useful economic life of that asset as follows:

Computer Software - 3 - 5 years straight line

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

The company capitalises website development costs as a tangible asset, no depreciation is incurred on such costs until the website becomes live.

DEPRECIATION

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property - 10 - 50 years straight line
Plant and machinery - 4 - 10 years straight line
Fixtures and fittings - 3 - 5 years straight line
Motor vehicles - 2 - 3 years straight line
Computer Equipment - 3 - 5 years straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell, after making due allowances for obsolete and slow moving items. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finished goods includes sample stock which is held for distribution and will be provided as promotional material for free of charge after the year-end. Stock held for distribution is measured at the lower of cost adjusted for any loss of service potential and replacement cost. On distribution of such stock the value of stock is recognised as a marketing cost within administration expenses.

Cost is determined on a first-in, first-out (FIFO) basis.

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES - continued

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at their transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES - continued

Defined benefit plans

The company recognizes a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

DEFINED CONTRIBUTION PLANS

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sale of goods	<u>11,702,131</u>	<u>11,702,013</u>
	<u>11,702,131</u>	<u>11,702,013</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

4. TURNOVER - continued

An analysis of turnover by geographical market is given below:

	2022	2021
	£	£
United Kingdom	11,105,838	10,956,609
Europe	525,565	652,014
Rest of World	70,728	93,390
	<u>11,702,131</u>	<u>11,702,013</u>

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

5. EMPLOYEES AND DIRECTORS

	2022	2021
	£	£
Wages and salaries	2,457,837	2,401,022
Social security costs	249,713	231,029
Other pension costs	181,447	156,403
	<u>2,888,997</u>	<u>2,788,454</u>

The average number of employees during the year was as follows:

	2022	2021
Production and sales	72	73
Office and management	13	13
	<u>85</u>	<u>86</u>

	2022	2021
	£	£
Directors' remuneration	-	-

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Other interest payable	82,803	-
Dividends paid on shares classified as debt	<u>6,000</u>	<u>6,000</u>
	<u>88,803</u>	<u>6,000</u>

7. PROFIT BEFORE TAXATION

Operating profit or loss is stated after charging:

	2022	2021
	£	£
Depreciation and amortisation	191,851	184,527
(Gains)/loss on disposal of tangible assets	-	(1,565)
Impairment of trade debtors	(70,309)	(10,551)
Foreign exchange differences	172,173	(194,750)
Hire of plant and machinery	2,898	2,363
Operating lease rentals	21,644	12,538
Impairment of stock included in cost of sales	73,315	47,508
Stock recognised as a marketing expense	<u>64,294</u>	<u>121,676</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

8. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable for the audit of the financial statements	<u>21,500</u>	<u>21,613</u>

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	48,399	94,351
(Over)/Under provision	<u>-</u>	<u>(1,940)</u>
Tax on profit	<u>48,399</u>	<u>92,411</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £	2021 £
Profit before tax	<u>249,923</u>	<u>351,791</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	47,485	66,840
Effects of:		
Expenses not deductible for tax purposes	20,056	6,427
Capital allowances in excess of depreciation	(19,142)	-
Depreciation in excess of capital allowances	-	21,455
Utilisation of tax losses	-	(74)
Profit on disposal	-	(297)
Over/(under) provision in previous years	<u>-</u>	<u>(1,940)</u>
Total tax charge	<u>48,399</u>	<u>92,411</u>

Tax effects relating to effects of other comprehensive income

	Gross £	Tax £	2022 Net £
Remeasurement of the net defined benefit plan	64,000	-	64,000
Fair value adjustment of loans from group undertakings	<u>-</u>	<u>-</u>	<u>-</u>
	<u>64,000</u>	<u>-</u>	<u>64,000</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

9. TAXATION - continued

	Gross £	Tax £	2021 Net £
Remeasurement of the net defined benefit plan	(232,000)	-	(232,000)
Fair value adjustment of loans from group undertakings	-	-	-
	<u>(232,000)</u>	<u>-</u>	<u>(232,000)</u>

10. INTANGIBLE FIXED ASSETS

	Computer software £
Cost	
At 1 January 2022	426,044
Additions	<u>19,665</u>
At 31 December 2022	<u>445,709</u>
Amortisation	
At 1 January 2022	153,888
Amortisation for year	<u>58,297</u>
At 31 December 2022	<u>212,185</u>
Net book value	
At 31 December 2022	<u>233,524</u>
At 31 December 2021	<u>272,156</u>

11. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Fixtures and fittings £
Cost			
At 1 January 2022	3,350,063	768,138	418,486
Additions	<u>242,464</u>	<u>142,443</u>	<u>61,905</u>
At 31 December 2022	<u>3,592,527</u>	<u>910,581</u>	<u>480,391</u>
Depreciation			
At 1 January 2022	1,785,834	651,003	370,946
Charge for year	<u>61,341</u>	<u>27,771</u>	<u>21,608</u>
At 31 December 2022	<u>1,847,175</u>	<u>678,774</u>	<u>392,554</u>
Net book value			
At 31 December 2022	<u>1,745,352</u>	<u>231,807</u>	<u>87,837</u>
At 31 December 2021	<u>1,564,229</u>	<u>117,135</u>	<u>47,540</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

11. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Equipment £	Totals £
Cost			
At 1 January 2022	8,894	932,934	5,478,515
Additions	<u>5,000</u>	<u>6,435</u>	<u>458,247</u>
At 31 December 2022	<u>13,894</u>	<u>939,369</u>	<u>5,936,762</u>
Depreciation			
At 1 January 2022	8,894	768,630	3,585,307
Charge for year	<u>422</u>	<u>22,413</u>	<u>133,555</u>
At 31 December 2022	<u>9,316</u>	<u>791,043</u>	<u>3,718,862</u>
Net book value			
At 31 December 2022	<u>4,578</u>	<u>148,326</u>	<u>2,217,900</u>
At 31 December 2021	<u>-</u>	<u>164,304</u>	<u>1,893,208</u>

Included the net book value of £1,745,352 for land and buildings is £226,050 relating to assets on a hire purchase agreement. Depreciation has been charged of £nil on these assets.

12. FIXED ASSET INVESTMENTS

	Other investments other than loans £
Cost	
At 1 January 2022 and 31 December 2022	<u>1,594</u>
Net book value	
At 31 December 2022	<u>1,594</u>
At 31 December 2021	<u>1,594</u>

13. STOCKS

	2022 £	2021 £
Raw materials and consumables	489,349	292,856
Work-in-progress	196,974	172,390
Finished goods and goods for resale	<u>1,380,090</u>	<u>1,551,655</u>
	<u>2,066,413</u>	<u>2,016,901</u>

Stocks are stated after provisions for impairment of £73,315 (2021: £47,508).

There is no material difference between the book value of stock and their replacement cost.

Finished goods includes £64,294 (2021: £121,676) of marketing stock that will be distributed free of charge after the year-end.

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	3,618,073	3,107,162
Amounts owed by group undertakings	147,397	43,275
Other debtors	139,549	25,314
Prepayments and accrued income	128,225	153,466
	<u>4,033,244</u>	<u>3,329,217</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Hire purchase contracts (see note 18)	75,350	-
Trade creditors	754,503	471,998
Amounts owed to group undertakings	8,056,189	7,410,346
Tax	(1,601)	94,351
Social security and other taxes	488,630	590,310
Other creditors	217,751	174,442
Accruals and deferred income	756,756	869,043
	<u>10,347,578</u>	<u>9,610,490</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£	£
Preference shares (see note 17)	100,000	100,000
Hire purchase contracts (see note 18)	134,319	-
	<u>234,319</u>	<u>100,000</u>

Included within creditors: amounts falling due after more than five years is an amount of £100,000 (2021: £100,000) in respect of preference shares repayable otherwise than by instalments.

17. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due between two and five years:		
Preference shares	<u>100,000</u>	<u>100,000</u>

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
100,000	Preference	£1	<u>100,000</u>	<u>100,000</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

18. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	2022	2021
	£	£
Net obligations repayable:		
Within one year	75,350	-
Between one and five years	134,319	-
	<u>209,669</u>	<u>-</u>
	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	195,141	10,357
Between one and five years	921,366	30,960
In more than five years	629,079	-
	<u>1,745,586</u>	<u>41,317</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2022	2021
	£	£
Hire purchase contracts	<u>209,669</u>	<u>-</u>

20. FINANCIAL INSTRUMENTS

Note 3 to these financial statements details the accounting policy for financial instruments.

The company has the following financial instruments measured at amortised cost:

	2022	2021
	£	£
<u>Financial assets that are debt instruments</u>		
Trade debtors	3,618,073	3,176,552
Other debtors and prepayments	267,774	178,780
Amounts owed by group undertakings	147,397	43,275
<u>Financial liabilities</u>		
Trade creditors	754,503	471,998
Amounts owed to group undertakings	8,056,189	7,410,346
Other creditors, hire purchase accruals and deferred income	1,238,176	1,043,485
Preference shares	100,000	100,000

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the income statement is £nil (2021: £nil).

The company has the following financial instruments measured at fair value (being discounted present value):

	2022	2021
	£	£
Financial liabilities measured at fair value		
Amounts owed to group undertakings	-	-

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

21. PROVISIONS FOR LIABILITIES

	2022 £	2021 £
Other provisions	<u>110,000</u>	<u>-</u>

22. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Amounts presented in equity:				
Ordinary shares of £1 each	<u>1,395,000</u>	<u>1,395,000</u>	<u>1,395,000</u>	<u>1,395,000</u>
Amounts presented in liabilities:				
Preference shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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

Included in creditors falling due after more than five years are 100,000 (2021: 100,000) allotted, issued and fully paid 6% redeemable cumulative £1 preference shares.

Rights of non-equity shares 6% redeemable cumulative preference shares of £1 each:

- i) entitle title holders, in priority to the ordinary shareholders, to a fixed cumulative preference dividend payable annually in arrears;
- ii) on a return of capital on a winding up, carry the right to repayment of capital in priority of the rights of the ordinary shareholders;
- iii) are redeemable at the company's option at par;
- iv) carry the right to vote at a general meeting of the company only if payment of any dividend on the redeemable cumulative preference shares is more than 6 months in arrears or if the business of the meeting includes a resolution to vary the rights attaching to the preference shares.

23. RESERVES

Profit and loss account - This reserve records retained earnings and accumulated losses.

Capital contribution reserve - In accordance with FRS102 if a financial instrument constitutes a finance transaction it is measured at present value. This reserve represents the deemed capital contribution resulting from the intercompany loans discounted to present value.

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

24. EMPLOYEE BENEFIT OBLIGATIONS

Defined benefit plans

The Company is the sole Participating Employer in the Weleda Section of the Mercury Provident Pension Scheme (the Scheme), a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustee is responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustee is required to act in the best interests of the beneficiaries of the Scheme.

There are two categories of pension scheme members:

- Deferred members: members who have left pensionable service with deferred benefits which have to yet come into payment.
- Pensioner members: in receipt of pension.

The Trustee is required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Scheme was performed by the Scheme Actuary for the Trustee as at 29 December 2018. This valuation revealed a funding shortfall of £2.147 million.

In accordance with the 'Segregation Agreement and Funding Guarantee relating to the Mercury Provident Pension Scheme' (the Weleda Segregation Agreement) dated 2 March 2016, the Company is due to pay a shortfall contribution in February 2022, equal to 50% of the current ongoing funding shortfall (having previously paid £1,060,000 in February 2019, £428,500 in February 2020 and £275,500 in February 2021).

The amounts recognised in the statement of financial position are as follows:

	2022 £	2021 £
Defined benefit pension plan asset	4,915,000	8,035,000
Defined benefit pension plan liability	(4,239,000)	(6,306,000)
Net defined benefit asset/(liability)	<u>676,000</u>	<u>1,729,000</u>
Restriction on scheme assets	<u>(676,000)</u>	<u>(1,729,000)</u>
Total asset/(liability) recognised	<u>-</u>	<u>-</u>

Changes in the present value of the defined benefit obligations are as follows:

	2022 £
At January 2022	6,306,000
Interest expense	112,000
Benefits paid	(230,000)
Past service costs	-
Remeasurements:	(1,949,000)
Actuarial gains/(losses)	
At 31 December 2022	<u>4,239,000</u>

Changes in the fair value of plan assets are as follows:

	2022 £
At January 2022	8,035,000
Interest income	112,000
Benefits paid	(230,000)
Contributions by employer	-
Administrative expenses	(64,000)
Remeasurements:	
Return on plan assets, excluding amount included in interest income	(2,938,000)
At 31 December 2022	<u>4,915,000</u>

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

The total costs for the year in relation to defined benefit plans are as follows:

	2022 £	2021 £
Recognised in profit or loss:		
Past service costs		
Administrative expenses	64,000	44,000
	<u>64,000</u>	<u>44,000</u>
Recognised in other comprehensive income:		
Actuarial gains/(losses) on defined benefit obligation	1,949,000	249,000
Actual return on assets less interest	(2,938,000)	51,000
Limit on recognition of assets less interest	1,053,000	(532,000)
	<u>64,000</u>	<u>(232,000)</u>

The return on the plan assets are as follows:

	2022 £	2021 £
Interest income	112,000	79,000
Return on assets less interest income	(2,938,000)	51,000
	<u>(2,826,000)</u>	<u>130,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2022 %	2021 %
Discount rate	4.80	1.80
Mortality rates:		
Current pensioners at 65 - male	21.90	21.90
Current pensioners at 65 - female	24.30	24.30
Future pensioners at 65 - male	23.20	23.20
Future pensioners at 65 - female	25.70	25.70
Rate of increase of pensions in payment - pensions accrued between 6 April 1997 to 5 April 2005	2.75	2.95
Rate of increase of pensions in payment - pensions accrued after 5 April 2005	2.10	2.20
Rate of increase of pensions in payment - pensions accrued post 88 GMP's	2.35	2.45
Rate of increase of pensions in deferment	<u>2.75</u>	<u>2.90</u>

25. RELATED PARTY DISCLOSURES

During the year, the company purchased goods and services to the value of £3,243,294 (2021: £3,946,267) from fellow group companies. The company also sold goods and services to the value of £404,477 (2021: £322,640) to fellow group companies.

Management fees of £560,067 (2021: £520,753) were paid to a fellow group company during the year.

The amounts outstanding to and from fellow group companies at the year end are unsecured and repayable on demand.

Key management personnel compensation in the year totalled £170,004 (2021: £182,910).

WELEDA (U.K.) LIMITED

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 DECEMBER 2022

26. ULTIMATE CONTROLLING PARTY

The ultimate parent undertaking and controlling party is Weleda AG, a company incorporated in Switzerland.

The parent undertaking of the only group of undertakings for which group accounts are drawn up and of which the company is a member is Weleda AG. Copies of Weleda AG's accounts can be obtained from CH-4144 Arlesheim, Switzerland.