

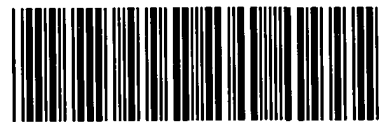
**Registered Number 01948434**

**BIOCARE LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2022**

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# **BIOCARE LIMITED**

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

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# **BIOCARE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

J D Amery  
E L Ellis  
J R Oakley

### **COMPANY SECRETARY**

J D Amery

### **REGISTERED OFFICE**

1 Hedera Road  
Ravensbank Business Park  
Redditch  
B98 9EY

### **BANKERS**

Barclays Bank Plc  
15 Colmore Row  
Birmingham  
B3 2BH

### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers LLP  
Donington Court  
Pegasus Business Park  
Castle Donington  
East Midlands  
DE74 2UZ

# **BIOCARE LIMITED**

## **STRATEGIC REPORT**

The directors have pleasure in presenting the Strategic Report for the Company for the year ended 31 December 2022.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company in the year was the distribution of natural health care products to the general public and practitioners.

No significant change in the nature of these activities occurred during the year.

### **REVIEW OF BUSINESS**

Revenues declined year on year, both domestically and internationally. Performance was impacted by the challenging trading environment, with existing customers and potential new export markets affected. Education and innovation remain priorities for the Company and development of our high-quality product offering, targeted at practitioners, will continue to provide further expansion opportunities for the brand.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

All businesses face a range of risks and uncertainties, being subject to risk factors from internal and external sources. BioCare Limited participates in a regular risk assessment that uses a framework encompassing a range of risk factors: operational, financial, strategic, environmental, political, social, economic, and technological. The likelihood and significance of risk factors are considered when putting in place risk management procedures to ensure risk mitigation (see note 18). The two principal risks are considered to be the loss of key customers and disruption to the supply chain but these are mitigated against by not having a high concentration of sales with any one customer, and having potential alternative suppliers for key products.

### **KEY PERFORMANCE INDICATORS**


BioCare Limited uses a number of key performance indicators (KPIs) to assess performance and progress against strategic objectives. The most important of these KPIs are revenue and profit from operations.

	<b>2022</b>	<b>2021</b>
<b>Revenue</b>	<b>£11.0m</b>	<b>£12.0m</b>
<b>EBITDA</b>	<b>£1.7m</b>	<b>£2.5m</b>
<b>Profit from operations</b>	<b>£1.4m</b>	<b>£2.2m</b>

### **RESULTS**

The profit after tax for the year was £1,022,000 (2021: £1,916,000). Total equity was £4,584,000 (2021: £3,562,000).

On behalf of the Board

  
**J D Amery**  
**Director**  
**9 August 2023**

# **BIOCARE LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in presenting their report and the audited financial statements of the Company for the year ended 31 December 2022.

### **DIRECTORS AND DIRECTORS' INTERESTS**

The directors who served throughout the year and up to the date of signing of the financial statements are as follows.

J D Amery

E L Ellis

J R Oakley

Their interests (including the interests of connected parties) at the year end in the share capital of the Company were nil.

A qualifying third-party indemnity provision, as defined in section 234 of the Companies Act 2006, is currently in place and was in force through the year. The Company has purchased and maintained directors' and officers' liability insurance in respect of itself and its directors throughout the year and it is current at the date of approval of the financial statements.

### **FUTURE DEVELOPMENTS**

The Company will continue to focus on educating, innovating and servicing existing customers to a high standard, and on developing new sales channels.

### **DIVIDEND**

The directors do not recommend payment of a dividend for the year (2021: £nil).

### **FINANCIAL INSTRUMENTS**

Information on the Company's financial instruments is disclosed in note 18 to the financial statements.

### **GOING CONCERN**

The Directors have carried out an assessment of going concern over an 18-month period from when the financial statements are approved with a severe but plausible downside scenario considered in addition to a base case where sales continue to achieve current forecasts. Based on this assessment, the directors have concluded that the Company will have adequate resources to meet its liabilities as they fall due for the foreseeable future.

### **COMPANY POLICY ON THE PAYMENT OF CREDITORS**

Payments are made within the terms established with suppliers, provided that the supplier is also complying with all relevant terms and conditions. The number of days' purchases outstanding at 31 December 2022 is 20 (2021: 21).

### **POLITICAL AND CHARITABLE DONATIONS**

There were no charitable or political donations during this or prior year.

### **DISCLOSURE OF INFORMATION TO THE INDEPENDENT AUDITORS**

At the date of making this report each of the Company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

### **INDEPENDENT AUDITORS**

The directors have resolved to reappoint PricewaterhouseCoopers LLP as the Company's auditors.

On behalf of the Board



J D Amery

Director

9 August 2023

## **BIOCARE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted International Accounting Standards.

Under company law 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

On behalf of the Board



**J D Amery**  
**Director**  
**9 August 2023**

# **BIOCARE LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOCARE LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion, BioCare Limited's 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 and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2022; the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **BIOCARE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOCARE LIMITED**

#### **Responsibilities for the financial statements and the audit**

##### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of noncompliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions that increase revenue and profits. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries posted with unexpected account combinations in relation to revenue or profits;
- Challenging assumptions and judgement made by management in determining their significant accounting estimates, in particular in relation to inventory provisions and provisions for impairment of trade receivables.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

##### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



## **BIOCARE LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIOCARE LIMITED**

#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



David Teager (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
East Midlands  
9 August 2023

# **BIOCARE LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** **Year ended 31 December 2022**


	Note	2022 £'000	2021 £'000
<b>REVENUE</b>	4	11,024	12,041
Cost of sales		(5,137)	(5,354)
Gross profit		5,887	6,687
Administrative expenses		(4,522)	(4,521)
<b>PROFIT FROM OPERATIONS</b>	5	1,365	2,166
<b>Finance income:</b>			
Before one-off items	6	60	27
Impairment reversal of amounts due from Group companies	7	-	255
		60	282
<b>Finance costs:</b>			
Before one-off items	6	(43)	(55)
Impairment of amounts due from Group companies	7	(99)	(107)
		(142)	(162)
<b>PROFIT BEFORE TAX</b>		1,283	2,286
Taxation	8	(261)	(370)
<b>PROFIT FOR THE YEAR</b>	20	1,022	1,916
<b>Other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		1,022	1,916

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**BIOCARE LIMITED****STATEMENT OF FINANCIAL POSITION****Company Number 01948434****As at 31 December 2022**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	12	251	344
Property, plant and equipment	13	448	495
Right-of-use assets	14	1,150	1,316
Other receivables	16	1,438	756
		<u>3,287</u>	<u>2,911</u>
<i>Current assets</i>			
Inventories	15	1,102	1,110
Trade and other receivables	16	2,258	2,285
Cash and cash equivalents	17	314	337
		<u>3,674</u>	<u>3,732</u>
<b>Total assets</b>		<u><u>6,961</u></u>	<u><u>6,643</u></u>
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital	19	-	-
Retained earnings	20	4,584	3,562
<b>Total equity</b>		<u>4,584</u>	<u>3,562</u>
<i>Non-current liabilities</i>			
Deferred tax liabilities	21	31	31
Provisions		93	93
Lease Liabilities	23	1,093	1,259
		<u>1,217</u>	<u>1,383</u>
<i>Current liabilities</i>			
Trade and other payables	22	942	1,486
Current tax liabilities		52	48
Lease liabilities	23	166	164
		<u>1,160</u>	<u>1,698</u>
<b>Total liabilities</b>		<u>2,377</u>	<u>3,081</u>
<b>Total equity and liabilities</b>		<u><u>6,961</u></u>	<u><u>6,643</u></u>

The financial statements on pages 8 to 33 were approved and authorised for issue by the Board of Directors on 9 August 2023 and are signed on its behalf by:

  
J D Amery  
Director

## **BIOCARE LIMITED**

### **STATEMENT OF CHANGES IN EQUITY**

**Year ended 31 December 2022**

	Note	Share capital £'000	Retained earnings £'000	Total £'000
<b>At 1 January 2021</b>		-	1,646	1,646
Profit and total comprehensive income for the year	20	-	1,916	1,916
<b>At 31 December 2021 and 1 January 2022</b>		-	3,562	3,562
Profit and total comprehensive income for the year	20	-	1,022	1,022
<b>At 31 December 2022</b>		-	4,584	4,584

# **BIOCARE LIMITED**

## **STATEMENT OF CASH FLOWS**

**Year ended 31 December 2022**

	<b>Note</b>	<b>2022 £'000</b>	<b>2021 £'000</b>
<b>OPERATING ACTIVITIES</b>			
Cash receipts from customers		11,120	11,133
Cash paid to suppliers and employees		(9,961)	(10,025)
Cash generated from operations	24	1,159	1,108
Income taxes paid		(253)	(721)
Interest paid		(47)	(51)
Net cash generated from operating activities		859	336
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant & equipment		(47)	(37)
Payments for intangible assets		(25)	(56)
Cash receipts from Group companies		-	-
Cash paid to Group companies		(646)	(845)
Net cash used in investing activities		(718)	(938)
<b>FINANCING ACTIVITIES</b>			
Lease payments		(164)	(98)
Net cash used in financing activities		(164)	(98)
Net decrease in cash and cash equivalents	25	(23)	(700)
Cash and cash equivalents at beginning of the year	25	337	1,037
Cash and cash equivalents at the end of the year	25	314	337

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**1. GENERAL INFORMATION**

BioCare Limited (the Company) is a private limited company limited by shares domiciled, registered and incorporated in England, United Kingdom. The addresses of its registered office and principal place of business are disclosed in the introduction to the Report and Financial Statements. The principal activities of the Company are described on page 2.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards, and the accounting policies have been consistently applied, other than where new accounting policies have been adopted.

The directors have concluded it is appropriate to prepare the financial statements on a going concern basis, based on forecasts prepared, which show the Company will have adequate resources to meet its liabilities as they fall due for the foreseeable future.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

**Functional and Presentation Currencies**

The financial statements are presented in sterling which is also the functional currency of the Company.

**Revenue Recognition**

Revenue is recognised when control of product, and therefore the risk of obsolescence and loss, has been transferred by delivery to, or collection, the customer. At this point there are no unfulfilled obligations that could affect the customer's acceptance of the products in line with the sales contract, or the Company has confirmed that all acceptance criteria are satisfied.

Where retrospective volume discounts are agreed with customers, revenue is recognised net of the estimated discount using the expected value method. The liabilities for discounts payable are held in trade and other payables and no element of financing is deemed present on sales as credit terms offered are consistent with market practice.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Leases**

Under IFRS16, at inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the company obtains substantially all the economic benefits from use of that asset, and whether the Company has the right to direct use of the asset.

The Company recognises a right of use asset and a lease liability at the commencement of the lease. The right of use asset is initially measured on the present value of the lease payments, plus initial direct costs and the costs of obligations to refurbish the asset, less any incentives received. The right of use assets is depreciated over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is subject to testing for impairment if there is an indicator of impairment.

Lease payments generally include fixed payments and variable payments that depend on an index (such as an inflation index). When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Right of use assets will be a separate line on the statement of financial position under non-current assets, and the lease liability in the current or non-current liabilities. The Company will always take the short-term and low value exemptions provided for by the standard.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Taxation**

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

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods 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 date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting 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 realised. Deferred tax is charged or credited to the statement of comprehensive income, 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 there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Pension Costs**

For certain employees, the Company contributes to their personal or stakeholder pension plans. The costs of these contributions are charged to the statement of comprehensive income in the period in which they become payable.

**Intangible assets**

Intangible assets, being website costs, computer software and trademarks, are stated at cost less accumulated amortisation. Amortisation is charged on a straight line basis over the estimated useful life of 10 years for website and computer software costs and 20 years for trademarks and is included within administrative expenses.

**Property, plant and equipment**

Leasehold improvements and plant, machinery and office equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives using the straight-line method and is included within administrative expenses. The estimated useful lives, residual values and depreciation methods are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The following rates are used for depreciation of leasehold improvements, plant, machinery & office equipment:

Leasehold improvements	Over the remaining life of the lease
Plant, machinery and office equipment	Between 3 and 10 years straight line

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, plant and equipment (continued)**

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

**Impairment of tangible and intangible assets**

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

**Inventories**

Inventories are stated at the lower of cost, being the cost of purchase, manufacture and other costs in bringing the inventories to their current location, and net realisable value. Cost is calculated using the first in, first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**Financial instruments**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**i) Financial Assets**

The classification depends on the purpose for which the financial assets were acquired and on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition under the following categories:

**(a) Financial assets at fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

**(b) Financial assets at amortised cost**

The company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost comprise cash and cash equivalents, amounts receivable from the sale of goods, and amounts due from Group companies.



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Instruments (continued)**

*(c) Financial assets at fair value through profit or loss*

The following financial assets are classified at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost (see notes (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the Company has not elected to recognise fair value gains and losses through Other Comprehensive Income (OCI).

***Initial recognition and measurement***

Purchases and sales of financial assets are recognised on trade date (that is, the date on which the company commits to purchase or sell the asset).

All financial assets are recognised initially at fair value.

***Subsequent measurement***

Subsequent measurement of financial instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

*(a) Financial assets at fair value through other comprehensive income*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in the statement of comprehensive income.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of comprehensive income and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as a separate line item in the statement of comprehensive income.

*(b) Financial assets at amortised cost*

Assets held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in the statement of comprehensive income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of comprehensive income.

*(c) Financial assets at fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the statement of comprehensive income and presented net within other gains/(losses) in the period in which it arises.

Subsequent measurement of all equity investments is at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognised in the statement of comprehensive income as other income when the company's right to receive payments is established.

At 31 December 2022, the company's financial assets include cash at bank and in hand, amounts owed by company undertakings, debtors and other receivables.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent measurement (continued)**

***Trade receivables***

Trade receivables are amounts from customers for goods sold or services performed in the ordinary course of business. They are on average due for settlement within 90 days and therefore are all classified as current. Trade receivables are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised. The company holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 18.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

***Other receivables***

These amounts generally arise from transactions outside the usual operating activities of the company. The other receivables are due and payable within one year from the end of the reporting period. Some of the other receivables are settled by receiving a service or goods.

***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

***Derecognition of financial assets***

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

***ii) Financial Liabilities and equity***

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

***Trade payables***

Trade payables classified as other liabilities, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

***Share capital***

Ordinary shares issued by the Company are classified as equity and recorded at fair value on initial recognition received net of direct issue costs.

***Provisions***

Provisions are recognised when the Company has a present obligation as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

***Derecognition of financial liabilities***

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Foreign Currencies**

Transactions in currencies other than functional currency of the Company are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period.

**New and amended standards and interpretations adopted by the Company**

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 have had a material impact on the company.

**New standards and interpretations that are not yet effective and have not been early adopted by the Company**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company. These are not expected to have a material impact on the Company in the current or future reporting periods based on foreseeable future transactions.

**3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT**

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no areas of judgement which require disclosure.

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **4. REVENUE**

The whole of the revenue is attributable to the one principal activity of the Company being the sale and distribution of nutraceutical products. For management purposes, all results are reported as part of this single activity.

An analysis of the Company's revenue is as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Sale of goods	11,024	12,041
Investment revenues (note 6)	60	27
	<u>11,084</u>	<u>12,068</u>

An analysis of the Company's geographical revenue is as follows:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
UK	7,711	8,313
Europe	1,607	1,586
Rest of World	1,706	2,142
	<u>11,024</u>	<u>12,041</u>

### **5. PROFIT FROM OPERATIONS**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Profit from operations has been arrived at after charging:		
Depreciation of property, plant and equipment	91	90
Depreciation of right-of-use assets	166	167
Amortisation of intangible assets	59	59
Staff cost (see note 10)	2,406	2,591
Cost of inventories recognised as expense	4,342	4,672
Fees payable to the Company's auditors and their associates in respect of both audit and non-audit services:		
Audit services – Statutory audit of financial statements	74	44
Other services – Taxation services	7	6
Other expenses	<u>2,514</u>	<u>2,246</u>
Total cost of sales and administrative expenses	<u>9,659</u>	<u>9,875</u>

# BIOCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 6. FINANCE INCOME AND FINANCE COSTS

	2022 £'000	2021 £'000
<b>Finance Income:</b>		
Related party interest on group loans	60	27
<b>Finance Costs:</b>		
Finance charges	2	10
Right-of-use asset interest	41	45
	43	55

### 7. ONE-OFF ITEMS

The directors have reassessed the recoverability of loans outstanding from group companies at 31 December 2022 and consider that they are impaired at that date. One-off loan impairments of £99,000 (2021: £107,000) and reversal of existing loan impairments of £nil (2021: £255,000) were recognised in the year.

### 8. TAXATION

	2022 £'000	2021 £'000
<b>Current tax expense</b>		
Current tax on profits for the year	268	414
Adjustments in respect of prior periods	(7)	2
Total current tax	261	416
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences (note 21)	-	(46)
	-	(46)
	261	370

Tax is calculated at 19% (2021: 19%) of the estimated assessable profit for the year.

The total charge for the year can be reconciled to the accounting profit as follows:

	2022 £'000	%	2021 £'000	%
Profit before tax	1,283		2,286	
Tax at the corporation tax rate of 19% (2021: 19%)	244	19.0	434	19.0
Tax effect of difference between non-deductible expenses and capital allowances	5	0.4	(38)	(1.7)
Tax effect of income/(expenses) that are not deductible in determining taxable profit	19	1.4	(28)	(1.2)
Adjustments in respect of prior periods	(7)	(0.5)	2	0.1
Tax expense and effective tax rate for the year	261	20.3	370	16.2

On 10 June 2021 the UK Parliament substantively enacted the Finance Act 2021, including an increase of the UK corporation tax rate from 19% to 25% effective from 1 April 2023.

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **9. LEASES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME**

The statement of comprehensive income shows the following amounts relating to leases:

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
<b>Depreciation charge of right-of-use assets</b>		
Property	151	151
Equipment	15	16
	<u>166</u>	<u>167</u>
Interest expenses (included in finance costs)	41	45

The total cash outflow for leases in the year was £205,000 (2021: £143,000) including £41,000 interest (2021: £45,000).

### **10. STAFF COSTS**

The average monthly number of employees (including executive directors) during the year was:

	<b>2022</b> <b>Number</b>	<b>2021</b> <b>Number</b>
Other Sales	19	19
Administration	29	29
	<u>48</u>	<u>48</u>
	<b>2022</b> <b>£'000</b>	<b>2022</b> <b>£'000</b>
Their aggregate remuneration comprised:		
Wages and salaries	2,097	2,260
Social security costs	229	244
Other pension costs	80	87
	<u>2,406</u>	<u>2,591</u>

### **11. DIRECTORS' EMOLUMENTS**

	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Emoluments for qualifying services	552	681
Pension contributions	37	49
	<u>589</u>	<u>730</u>
Emoluments disclosed above include the following paid to the highest paid director:	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Emoluments for qualifying services	222	302
Pension contributions	14	21
	<u>236</u>	<u>323</u>

# BIOCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 12. INTANGIBLE ASSETS

2022	Trademarks £'000	Website & Software £'000	Total £'000
<b>Cost</b>			
1 January 2022	235	911	1,146
Additions	6	19	25
Disposals	(26)	(107)	(133)
At 31 December 2022	215	823	1,038
<b>Accumulated amortisation</b>			
1 January 2022	78	724	802
Amortisation for the year	14	45	59
Disposals	(11)	(63)	(74)
At 31 December 2022	81	706	787
<b>Carrying amount</b>			
At 31 December 2022	134	117	251
<b>2021</b>			
<b>Cost</b>			
1 January 2021	232	858	1,090
Additions	3	53	56
At 31 December 2021	235	911	1,146
<b>Accumulated amortisation</b>			
1 January 2021	66	677	743
Amortisation for the year	12	47	59
At 31 December 2021	78	724	802
<b>Carrying amount</b>			
At 31 December 2021	157	187	344

Amortisation of £59,000 (2021: £59,000) is included in administrative expenses.

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **13. PROPERTY, PLANT AND EQUIPMENT**

**2022**

	<b>Leasehold improvements £'000</b>	<b>Plant, machinery and office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2022	405	689	1,094
Additions	-	47	47
Disposals	-	(19)	(19)
At 31 December 2022	405	717	1,122
<b>Accumulated depreciation</b>			
At 1 January 2022	53	546	599
Depreciation charge for the year	40	51	91
Disposals	-	(16)	(16)
At 31 December 2022	93	581	674
<b>Carrying amount</b>			
At 31 December 2022	312	136	448

**2021**

	<b>Leasehold improvements £'000</b>	<b>Plant, machinery and office equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2021	405	653	1,058
Additions	-	37	37
Disposals	-	(1)	(1)
At 31 December 2021	405	689	1,094
<b>Accumulated depreciation</b>			
At 1 January 2021	13	497	510
Depreciation charge for the year	40	50	90
Disposals	-	(1)	(1)
At 31 December 2021	53	546	599
<b>Carrying amount</b>			
At 31 December 2021	352	143	495



# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **14. RIGHT-OF-USE ASSETS**

<b>2022</b>	<b>Property £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2022 and 31 December 2022	1,518	46	1,564
<b>Accumulated depreciation</b>			
At 1 January 2022	229	19	248
Depreciation charge for the year	151	15	166
At 31 December 2022	380	34	414
<b>Carrying amount</b>			
At 31 December 2022	1,138	12	1,150
<b>2021</b>	<b>Property £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2021	1,556	17	1,573
Additions	-	29	29
Disposals	(38)	-	(38)
At 31 December 2021	1,518	46	1,564
<b>Accumulated depreciation</b>			
At 1 January 2021	116	3	119
Depreciation charge for the year	151	16	167
Disposals	(38)	-	(38)
At 31 December 2021	229	19	248
<b>Carrying amount</b>			
At 31 December 2021	1,289	27	1,316

### **15. INVENTORIES**

	<b>2022 £'000</b>	<b>2021 £'000</b>
Raw materials	35	48
Finished goods	1,067	1,062
	<u>1,102</u>	<u>1,110</u>

Inventory provisions of £24,000 (2021: £nil) were recognised at the year end, writing down inventory to its net realisable value.

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **16. TRADE AND OTHER RECEIVABLES**

	2022 £'000	2021 £'000
<b>Current assets</b>		
Amounts receivable from sale of goods	976	1,159
Prepayments	157	122
	<hr/>	<hr/>
Trade and other receivables	1,133	1,281
Amounts due from Group companies	1,125	1,004
	<hr/>	<hr/>
	2,258	2,285
	<hr/>	<hr/>

### **OTHER RECEIVABLES**

	2022 £'000	2021 £'000
<b>Non-current assets</b>		
Amounts due from Group companies	1,438	756
	<hr/>	<hr/>

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Gross loan amounts included in amounts due from Group companies of £2,355,000 (2021: £1,649,000) are unsecured with interest charged at 1.75% plus base rate. Of these amounts, £1,438,000 (2021: £756,000) is repayable in July 2026 and the remainder is repayable on demand. The directors have re-assessed the recoverability of amounts due from Group companies for the year ending December 2022 and considered that they are partially impaired. Impairments of £618,000 (2021: £519,000) are recognised at the year end date.

The following table provides analysis of amounts receivable from the sale of goods that were past due at the year end, but not impaired. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

	2022 £'000	2021 £'000
Up to 3 months	211	27
	<hr/>	<hr/>

There are no significant credit risks arising from financial assets of £765,000 (31 December 2021: £1,132,000) that are not yet due and not impaired.

All trade and other receivables are denominated in sterling.

The non-current amounts due from Group companies are not due before 27 July 2026.

### **17. FINANCIAL ASSETS AT AMORTISED COST**

#### ***Cash and cash equivalents***

Cash and cash equivalents of £314,000 (2021: £337,000) comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**18. FINANCIAL RISK MANAGEMENT**

The Company's activities expose the Company to a number of risks including market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The Company manages these risks through an effective risk management program.

Exposures to financial risks are monitored and assessed by management and reported on a monthly basis. Any significant exposure is reported to the Board and discussed at Board meetings to ensure that the risk mitigation procedures are compliant with the Company policy and that any new risks are appropriately managed.

The Company's financial assets are all classified as 'Financial assets at amortised cost', and its liabilities are all 'Other financial liabilities at amortised cost'. Amounts due from group companies of £618,000 (2021: £519,000) were impaired at the year end. Other receivables of £7,000 (2021: £nil) were impaired.

***Liquidity risk***

The Company closely monitors its access to bank and other credit facilities in comparison to its outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the Company as they fall due.

The Board receives regular forecasts which estimate the cash flows over the next eighteen months, so that management can ensure that sufficient financing is in place as it is required.

***Maturity analysis***

The tables below analyse the Company's financial assets and liabilities on a contractual gross undiscounted cash flow basis into maturity groupings based on period outstanding at the reporting date up to the contractual maturity date.

<b>2022</b>	<b>Less than 6 months £'000</b>	<b>Between 6 months and 1 year £'000</b>	<b>Between 1 to 5 years £'000</b>	<b>Over 5 years £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Amounts receivable from sale of goods	976	-	-	-	976
Amounts due from Group companies	1,125	-	1,438	-	2,563
	<u>2,101</u>	<u>-</u>	<u>1,438</u>	<u>-</u>	<u>3,539</u>
<b>Liabilities</b>					
Trade and other payables	729	-	-	-	729
Lease liabilities	103	99	760	445	1,407
	<u>832</u>	<u>99</u>	<u>760</u>	<u>445</u>	<u>2,136</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Maturity analysis (continued)*

<b>2021</b>	<b>Less than 6 months £'000</b>	<b>Between 6 months and 1 year £'000</b>	<b>Between 1 to 5 years £'000</b>	<b>Over 5 years £'000</b>	<b>Total £'000</b>
<b>Assets</b>					
Amounts receivable from sale of goods	1,159	-	-	-	1,159
Amounts due from Group companies	1,004	-	756	-	1,760
	<u>2,163</u>	<u>-</u>	<u>756</u>	<u>-</u>	<u>2,919</u>
<b>Liabilities</b>					
Trade and other payables	1,298	-	-	-	1,298
Lease liabilities	103	102	771	635	1,611
	<u>1,401</u>	<u>102</u>	<u>771</u>	<u>635</u>	<u>2,909</u>

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

*Foreign currency risk*

The Company's foreign currency risk is not material at the year end.

*Interest rate risk*

The Company enters into intercompany loans with other trading Group companies. Interest is charged at 1.75% plus base rate (2021: 1.75% plus base rate).

The table below shows the Company's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

<b>2022</b>	<b>Fixed Rate £'000</b>	<b>Floating Rate £'000</b>	<b>Non- interest bearing £'000</b>	<b>Total £'000</b>
Cash and cash equivalents	-	314	-	314
Amounts receivable from sale of goods	-	-	976	976
Amounts due from Group companies	-	1,737	826	2,563
	<u>-</u>	<u>2,051</u>	<u>1,802</u>	<u>3,853</u>
Trade and other payables	-	-	729	729
Lease liabilities	1,259	-	-	1,259
	<u>1,259</u>	<u>-</u>	<u>729</u>	<u>1,988</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Interest rate risk (continued)*

2021	Fixed Rate £'000	Floating Rate £'000	Non- interest bearing £'000	Total £'000
Cash and cash equivalents	-	337	-	337
Amounts receivable from sale of goods	-	-	1,159	1,159
Amounts due from Group companies	-	1,130	630	1,760
	-	1,467	1,789	3,256
Trade and other payables	-	-	1,298	1,298
Lease liabilities	1,423	-	-	1,423
	1,423	-	1,298	2,721

The table below summarises the impact of increases/decreases of a 1% change in base rate on the Company's post-tax profit for the year, and on equity.

	Impact on post-tax profit		Impact on equity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Base rate	15	9	15	9

*Credit risk exposure*

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Credit risk predominantly arises from trade receivables.

Credit exposure is managed by assessing the credit quality of each customer internally before accepting any terms of trade. Internal procedures are performed taking into account their financial position as well as their reputation within the industry and past experience.

The Company's maximum exposure to credit risk, gross of any collateral held, relating to its financial assets is equivalent to their carrying value as disclosed below. All financial assets have a fair value which is equal to their carrying value.

	2022 £'000	2021 £'000
<i>Maximum exposure to credit risk</i>		
Amounts receivable from sale of goods	976	1,159
Amounts due from Group companies	2,563	1,760
Cash and cash equivalents	314	337
	3,853	3,256

*Impairment of financial assets*

The company's trade receivables are subject to the expected credit losses model. While cash and cash equivalents are also subject to the impairment of IFRS 9, the identified impairment loss is immaterial.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**18. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Credit risk exposure (continued)*

*Trade receivables*

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2022, which has an immaterial impact on opening balances. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

There have been no write-offs over the review period with customers paying all amounts due. The impact of future events and economic conditions is not considered material and therefore no loss allowance has been made.

The Company has no other significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

*Capital management*

For the purposes of the Company's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the Company.

The Company's main objective when managing capital, defined as equity and retained earnings/accumulated losses, is to protect returns to shareholders by ensuring the Company will continue to trade profitably in the foreseeable future. The Company also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

A key indicator of the Company's capital management performance is the profit / loss reported in a year. A profit of £1,022,000 was reported in the year (2021: £1,916,000), which the directors consider adequate considering all appropriate factors.

The Company manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis.

Net funds includes cash and cash equivalents net of short-term borrowings (see note 26).

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **19. SHARE CAPITAL**

	2022 £'000	2021 £'000
<b>Authorised:</b>		
5,000 ordinary shares of £1 each	5	5
<b>Issued and fully paid:</b>		
90 ordinary shares of £1 each	-	-

The Company has one class of ordinary shares which carries no right to fixed income.

### **20. RETAINED EARNINGS**

	£'000
At 1 January 2021	1,646
Profit for the year attributable to equity holders	1,916
At 31 December 2021 and 1 January 2022	3,562
Profit for the year attributable to equity holders	1,022
At 31 December 2022	4,584

All reserves represent retained earnings from the current year and prior periods.

### **21. DEFERRED TAX LIABILITIES**

The following are the major deferred tax liabilities recognised by the Company, and the movements thereon, during the current and prior reporting periods.

	Accelerated capital allowances £'000
At 1 January 2021	77
Credit to statement of comprehensive income for the year	(46)
At 31 December 2021, 1 January 2022 and 31 December 2022	31

The following is the analysis of the deferred tax balances for balance sheet purposes:

	2022 £'000	2021 £'000
Deferred tax liabilities	31	31

# **BIOCARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

### **22. TRADE AND OTHER PAYABLES**

	2022 £'000	2021 £'000
Amounts payable relating to the purchase of goods and services	544	743
Other payables	185	555
	<hr/>	<hr/>
Trade and other payables	729	1,298
Other taxation and social security	213	188
	<hr/>	<hr/>
	942	1,486
	<hr/>	<hr/>

Trade payables, accruals and other creditors principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amount of trade payables approximates their fair value.

All trade and other payables are denominated in sterling.

### **23. LEASE LIABILITIES**

	2022 £'000	2021 £'000
<b>Maturity analysis – contractual undiscounted cash flows</b>		
Less than one year	202	205
One to five years	760	771
More than five years	445	635
	<hr/>	<hr/>
	1,407	1,611
	<hr/>	<hr/>
	2022 £'000	2021 £'000
<b>Lease liabilities included in the statement of financial position</b>		
Current	166	164
Non-current	1,093	1,259
	<hr/>	<hr/>
	1,259	1,423
	<hr/>	<hr/>

### **24. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH GENERATED FROM OPERATIONS**

	2022 £'000	2021 £'000
Profit from operations	1,365	2,166
Increase in inventory	8	(244)
Increase in receivables	(48)	(920)
Decrease in payables	(544)	(210)
Amortisation	59	59
Depreciation	257	257
Loss on disposal of intangible assets	59	-
Loss on disposal of tangible assets	3	-
	<hr/>	<hr/>
Cash generated from operations	1,159	1,108
	<hr/>	<hr/>



# BIOCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

### 25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2022 £'000	Change in net funds £'000	Non-cash movements £'000	At 31 December 2022 £'000
Cash and cash equivalents	337	(23)	-	314
Less lease liabilities	(1,423)	164	-	(1,259)
Net debt	(1,086)	141	-	(945)

	At 1 January 2021 £'000	Change in net funds £'000	Non-cash movements £'000	At 31 December 2021 £'000
Cash and cash equivalents	1,037	(700)	-	337
Less lease liabilities	(1,492)	98	(29)	(1,423)
Net debt	(455)	(602)	(29)	(1,086)

A non-cash increase of £nil (2021: £29,000) in lease liabilities relates to the initial recognition under IFRS 16.

### 26. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

At 31 December 2022 the immediate parent undertaking was Aland Nutrition Europe B.V. (incorporated in the Netherlands), and the Company's ultimate parent undertaking and controlling party was Aland Health Holding Ltd (incorporated in the Cayman Islands), which was also the parent undertaking of the largest group for which the company is a member.

At 31 December 2022 IVC Nutrition Corporation (incorporated in China, with registered address No.20 Jiangshan Road, Jinjiang City, Jiangsu Province, China) was the parent undertaking of the smallest group for which consolidated financial statements were drawn up, and which the company was a member.

Transactions and balances between the Company and its parent company and companies under common control, which are related parties of the Company, are disclosed below.

	At 1 January 2022 £'000	Transaction Flows £'000	At 31 December 2022 £'000
AhHa Publications Limited	519	99	618
Brunel Healthcare Manufacturing Limited	756	698	1,454
Natural Wellbeing Limited	374	(75)	299
Aland (HK) Nutrition Holding Limited	630	86	716
BioCare Nutrition International Ltd	-	94	94
	2,279	902	3,181
Impairments recognised	(519)	(99)	(618)
Balance	1,760	803	2,563

The amounts due from AhHa Publications Limited were impaired by £618,000 in December 2022.

# BIOCARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### Year ended 31 December 2022

#### 26. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY (CONTINUED)

Details of transactions between the Company and other related parties for the year ended 31 December 2022 and the year ended 31 December 2021, and the outstanding balances at 31 December 2022 and 31 December 2021 are disclosed below.

2022	Sales of Goods/ Services	Purchases of Goods/ Services	Cash paid/ (received)	Interest receivable	Amounts impaired	Amounts Owed by Related Parties	Amounts Owed to Related Parties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AhHa Publications Limited	-	-	81	18	-	618	-
Brunel Healthcare Manufacturing Limited	-	(77)	743	32	-	1,454	-
Natural Wellbeing Limited	18	-	(103)	10	-	299	-
Aland (HK) Nutrition Holding Limited	467	-	(381)	-	-	716	-
BioCare Nutrition International Ltd	94	-	-	-	-	94	-
	579	(77)	340	60	-	3,181	-
Impairments recognised	-	-	-	-	(99)	(618)	-
	579	(77)	340	60	(99)	2,563	-

2021	Sales of Goods/ Services	Purchases of Goods/ Services	Cash paid/ (received)	Interest receivable	Amounts released	Amounts Owed by Related Parties	Amounts Owed to Related Parties
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
AhHa Publications Limited	-	-	95	12	-	519	-
Brunel Healthcare Manufacturing Limited	-	(62)	812	6	-	756	-
Natural Wellbeing Limited	-	-	-	9	-	374	-
Aland (HK) Nutrition Holding Limited	732	-	(191)	-	-	630	-
IVC China Limited	56	-	(56)	-	-	-	-
	788	(62)	660	27	-	2,279	-
Impairments recognised	-	-	-	-	148	(519)	-
	788	(62)	660	27	148	1,760	-

At 31 December 2022, all related party balances are unsecured and are expected to be settled in cash.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2022**

**26. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY (CONTINUED)**

Included in the movements in amounts owed by related parties are non-cash increases of £60,000 relating to interest charged to Group companies but not paid, and decreases of £99,000 relating to the movement in the impairment of amounts due from Group companies.

Included in the amounts owed by related parties are trade balances due from Group companies of £826,000 (31 December 2021: £630,000).

Fees of £1,000 (2021: £1,000) were paid to Wild Fig Solutions Limited a related party of director James Amery, for coaching and training services. Amounts outstanding and payable to the Wild Fig Solutions Limited at 31 December 2022 were £nil (2021: £nil).

***Compensation of key management personnel***

The remuneration of the directors, who are the key management personnel of the Company, is set out in note 11.

**27. POST BALANCE SHEET EVENTS**

There were no events after the reporting year which require disclosure or which lead to adjustment of the financial statements.