

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
THE ORGANIC PHARMACY LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Page
Company Information	1
Balance Sheet	2
Notes to the Financial Statements	3

THE ORGANIC PHARMACY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

DIRECTORS:

G Di Camerati
R Sedgwick
M Marrone

REGISTERED OFFICE:

Units 7 & 8
Vision Industrial Park
Kendal Avenue
Acton
London
W3 0AF

REGISTERED NUMBER:

04022675 (England and Wales)

AUDITORS:

Haines Watts
Chartered Accountants and Statutory Auditors
Advantage
87 Castle Street
Reading
Berkshire
RG1 7SN

BALANCE SHEET
31 DECEMBER 2021

	Notes	£	2021 £	£	2020 £
FIXED ASSETS					
Intangible assets	4		65,607		78,931
Tangible assets	5		471,640		326,691
			537,247		405,622
CURRENT ASSETS					
Stocks		1,194,081		1,012,983	
Debtors	6	2,976,002		2,247,708	
Cash at bank and in hand		962,191		571,306	
		5,132,274		3,831,997	
CREDITORS					
Amounts falling due within one year	7	1,060,979		749,475	
NET CURRENT ASSETS			4,071,295		3,082,522
TOTAL ASSETS LESS CURRENT LIABILITIES			4,608,542		3,488,144
CREDITORS					
Amounts falling due after more than one year	8		(1,097,384)		(45,834)
PROVISIONS FOR LIABILITIES	12		(72,249)		(40,910)
NET ASSETS			3,438,909		3,401,400
CAPITAL AND RESERVES					
Called up share capital	13		70,000		70,000
Retained earnings			3,368,909		3,331,400
SHAREHOLDERS' FUNDS			3,438,909		3,401,400

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved and authorised for issue by the Board of Directors and authorised for issue on 30 May 2022 and were signed on its behalf by:

M Marrone - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. STATUTORY INFORMATION

The Organic Pharmacy 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.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The estimated useful lives range as follows:

Leasehold property improvements - Over the period of the lease

Plant & machinery - 3 years

Fixtures & fittings - 2 - 3 years

Office equipment - 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

Creditors

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

Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. ACCOUNTING POLICIES - continued

Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. profits.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

2. **ACCOUNTING POLICIES - continued**

Operating leases

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

Government grants

The company receives government grants in respect of the job retention scheme and the Retail, Hospitality and Leisure Grant Fund. These grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual model.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 59 (2020 - 52) .

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

4. INTANGIBLE FIXED ASSETS

	Trademarks £	Development costs £	Totals £
COST			
At 1 January 2021	21,958	96,431	118,389
Additions	-	6,515	6,515
At 31 December 2021	<u>21,958</u>	<u>102,946</u>	<u>124,904</u>
AMORTISATION			
At 1 January 2021	21,958	17,500	39,458
Amortisation for year	-	19,839	19,839
At 31 December 2021	<u>21,958</u>	<u>37,339</u>	<u>59,297</u>
NET BOOK VALUE			
At 31 December 2021	<u>-</u>	<u>65,607</u>	<u>65,607</u>
At 31 December 2020	<u>-</u>	<u>78,931</u>	<u>78,931</u>

5. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 January 2021	452,150	265,788	1,072,001	143,311	1,933,250
Additions	-	71,106	235,351	12,643	319,100
Disposals	-	-	(656)	-	(656)
At 31 December 2021	<u>452,150</u>	<u>336,894</u>	<u>1,306,696</u>	<u>155,954</u>	<u>2,251,694</u>
DEPRECIATION					
At 1 January 2021	450,302	198,120	845,629	112,508	1,606,559
Charge for year	1,848	23,430	122,324	25,893	173,495
At 31 December 2021	<u>452,150</u>	<u>221,550</u>	<u>967,953</u>	<u>138,401</u>	<u>1,780,054</u>
NET BOOK VALUE					
At 31 December 2021	<u>-</u>	<u>115,344</u>	<u>338,743</u>	<u>17,553</u>	<u>471,640</u>
At 31 December 2020	<u>1,848</u>	<u>67,668</u>	<u>226,372</u>	<u>30,803</u>	<u>326,691</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	1,069,214	433,793
Amounts owed by group undertakings	1,663,966	1,674,173
Other debtors	242,822	139,742
	<u>2,976,002</u>	<u>2,247,708</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Bank loans (see note 9)	-	4,166
Trade creditors	763,494	515,341
Taxation and social security	60,943	59,256
Other creditors	236,542	170,712
	<u>1,060,979</u>	<u>749,475</u>

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

	2021	2020
	£	£
Bank loans (see note 9)	-	45,834
Amounts owed to group undertakings	1,000,000	-
Other creditors	97,384	-
	<u>1,097,384</u>	<u>45,834</u>

9. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year or on demand:		
Bank loan	<u>-</u>	<u>4,166</u>
Amounts falling due between one and two years:		
Bank loans greater than 1 year	<u>-</u>	<u>45,834</u>

Loan from parent

During the year the Company received a loan of £1,000,000 from its parent, Istituto Ganassini S.P.A. Di Ricerche Biochimiche. Interest is paid on a quarterly basis at the 3-month EURIBOR 360 plus 1.06%. From 1st January 2027, the loan is due for repayment within a maximum of five years in quarterly installments.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	275,171	105,833
Between one and five years	934,371	30,000
	<u>1,209,542</u>	<u>135,833</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank loans	<u>-</u>	<u>50,000</u>

The bank loan is secured by a guarantee from the government.

12. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax	<u>72,249</u>	<u>40,910</u>

	Deferred tax
	£
Balance at 1 January 2021	40,910
Provided during year	31,339
Balance at 31 December 2021	<u>72,249</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
2,800	Ordinary	£25	<u>70,000</u>	<u>70,000</u>

14. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Jacqueline Biggs FCCA ACA (Senior Statutory Auditor)
 for and on behalf of Haines Watts

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2021

15. CAPITAL COMMITMENTS

	2021 £	2020 £
Contracted but not provided for in the financial statements	<u>128,000</u>	<u>-</u>

As at 31 December, the Company had a capital commitment in respect of contracts for future capital expenditure, not provided in the financial statements - Fixtures and fittings.

16. RELATED PARTY DISCLOSURES

The Company has taken advantage of the exemption under paragraph 33.1A of FRS102 not to disclose transactions with other wholly owned group members.

17. ULTIMATE CONTROLLING PARTY

The Company is a wholly owned subsidiary of the Istituto Ganassini S.P.A. Di Ricerche Biochimiche. Its principal place of business is Via P.Gaggia, 16, 20139 Milan, Italy.

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