

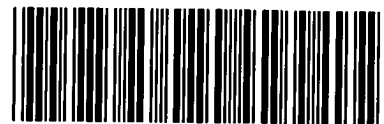
Registered number: 06295606

DR. ORGANIC LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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DR. ORGANIC LIMITED

COMPANY INFORMATION

Directors	JYV Finance BV Apollo Advisory BV H V Capital Management BV P J Turner V E Harrison
Registered number	06295606
Registered office	Dr. Organic Limited Valley Way Swansea SA6 8QP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT

DR. ORGANIC LIMITED

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DR. ORGANIC LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Introduction

The directors present the Strategic report together with the audited financial statements for the year ended 30 September 2022.

Review of the business and future developments

The focus of the company has continued to be the design and distribution of a range of natural, health and skincare products through a network of distributors in both the domestic and export markets.

The company was acquired by Damier BV, a company incorporated in Belgium, on 20 August 2021. Consequently, a key focus of the year ended 30 September 2022 under new ownership has been stock and customer rationalisation plans following a strategic review of non-core products, ranges and markets. This has had a short-term adverse impact on turnover and gross margin, but has improved gross margin percentage:

- Turnover has fallen from £18,995,000 to £16,976,000
- Gross profit margin has increased from 18.5% to 25.4%.

The directors are confident and optimistic of the future trading outlook of the company into 2023 and beyond. The company has a number of exciting opportunities both in terms of customers, markets and new products. There continue to be a number of export markets that the company will look to develop whilst maintaining its strong domestic presence. Continued growth of both our products and the markets that these are sold into should continue to ensure strong financial performance going forward.

The directors have closely monitored the impact of both the Russia/Ukraine conflict and the cost of living crisis on supply chains, costs and customer demand. Whilst all of these have been impacted in some way, management has not seen a significant adverse impact on business as a direct result. However, these factors will be closely reviewed on a continual basis by both management and the directors.

The directors are of the view that the company is well placed to increase future activity and profitability and are satisfied as to the financial position as at 30 September 2022.

Section 172(1) Statement

The directors are required to explain how they have considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the company. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, which is reported for the first time, explains how the directors have engaged with all the different stakeholder groups (employees, customers, suppliers and others), how they have had regard to the interest of these stakeholders, the need to foster the company's business relationships with these stakeholders and how the principal decisions taken by the company affect these stakeholders.

Confirmation of directors' duties

When making decisions, each director ensures that he acts in the way he considers, in good faith, would most likely promote the company's success for the benefit of its members, while also considering the broad range of stakeholders who interact with and are impacted by our business. Throughout the year, while discharging their duties, section 172(1) requires the directors to have regard (among other matters) to:

DR. ORGANIC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

S172(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate. The strategy set by the Directors is intended to strengthen our position as a company by continuing to use natural ingredients to create our range of organically enhanced health and beauty products. The green revolution has seen significant rises in environmentally conscious products that are good for us and good for the planet. We ethically-source the finest sustainable natural extracts, enhance their purity by keeping them organic, and insist on staying completely cruelty-free and vegetarian, while also keeping safety and social responsibility fundamental to our business approach.

Our established premium brands and increased consumer awareness around the importance of using natural and organic ingredients is likely to continue to drive demand for our products for years to come. At the same time, the need to tackle climate change means that we must continue to ensure our raw materials are sourced in a sustainable manner and our carbon footprint is continually monitored to mitigate the impact on the environment.

S172(1) (B) "The interests of the company's employees"

The directors recognise that our employees play a fundamental role in the delivery of our strategic ambitions and are at the core of our business. The success of our business depends on attracting, retaining and motivating employees. The directors factor the implications of decisions on employees and the wider workforce and we ensure that we remain a responsible employer, from pay and benefits to health, safety and the workplace environment.

The directors have always recognised the importance of engaging with its workforce. Engagement is especially important in maintaining strong business delivery in fast-paced dynamic environments and this is performed through a range of formal and informal channels, including via emails from the senior leadership team, all colleague meetings, team meetings, Q&As with senior management and the employee forum.

The directors consider effective engagement a key element of its understanding of the company's ability to create value as it recognises that our employees are our greatest asset. Workforce views can also help inform the Board on matters related to operational effectiveness, culture, risk identification and strategy development and delivery. The directors consider the current workforce engagement approach is working effectively.

S172(1) (C) "The need to foster the company's business relationships with suppliers, customers and others"

Clear communication and proactive engagement to understand the issues and factors which are most important to all our stakeholders is fundamental to the success of the company. Delivering our strategy requires strong mutually beneficial relationships with suppliers, customers, distributors, business partners and regulators/governments (amongst others). The directors seek the promotion and application of key general principles and values in existing and when entering into new relationships and the ability to promote these principles effectively is an integral part of these relationships.

We put customers at the heart of what we do and we do this through constant communication and listening to their experiences and feedback. By truly understanding the needs of our customers, we can ensure the products we develop and sell have the greatest impact.

We understand that suppliers are critical to the effective operation of our value chain from the development, manufacturing and supply of our products to customers. Our business operations are delivered and managed with the support of our suppliers and it is important to create a collaborative and trusting environment with our suppliers our Belgian owners, Damier BV. We regularly engage with our external suppliers and our Parent company to forecast the current and future needs of the company, developing key collaborative projects and initiatives.

Government and regulators also play a key role in our business. For example, regulatory changes, government

DR. ORGANIC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

policy such as Brexit, changes in import tariffs and lockdowns due to Covid-19 can greatly impact the business operating environment. The regulations around organic health and beauty products vary across consumer markets and it is key for us to stay engaged with the various regulatory bodies across the markets we operate in. Our R&D team consists of professionals, primarily in the areas of product development, nutritional science, consumer science and regulatory. The R&D team work in tandem with our marketing teams who continually monitor and evaluate emerging trends and consumer needs to ensure we maintain a robust pipeline of innovation.

S172(1) (D) "The impact of the company's operations on the community and the environment"

The directors are committed to operating in a way that recognises the interconnection between business growth, the needs of society and the limitations of our planet. We want to be valued and trusted by our stakeholders and aim to minimise the environmental footprint of our products and processes. Our approach to sustainability is aligned with our ethical values, business strategy and stakeholder engagement, allowing us to maximise the benefit for our customers, the broader society and the planet.

As well as making a positive impact on the lives of those who use our products, we aim to make a positive impact on the communities in which we operate as we understand society expects companies to give back and support the issues that affect them. Some of our initiatives (among others) include donating to charities close to our hearts and around our local community.

S172(1) (E) "The desirability of the company maintaining a reputation for high standards of business conduct"

The directors are committed to employing high ethical standards when carrying out all aspects of our business and we aim to meet our strategic objectives in ways which are economically, environmentally and socially responsible. Our ethical code is based on our core values, expected behaviours and key policy principles. We believe integrity and respect comprise the foundation of a healthy business culture.

The directors periodically review and approve clear frameworks around Business Principles, Codes of Conduct and Ethical Behaviour to ensure that high standards are maintained both internally and in the business relationships we maintain. This helps ensure that we act in ways that promote high standards of business conduct. The above approach allows us to build a culture of inclusivity and diversity and we build trust by demonstrating ethical business practices and fair treatment in everything we do across our value chain and across society as a whole.

The directors consistently review the overall control environment of the company. The process of designing and implementing effective internal controls is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments. Correct resources are put in place to maintain a system of internal controls that is adequate to satisfy our reporting obligations.

S172(1) (F) "The need to act fairly as between members of the company"

The directors act fairly as between the company's members and weigh up all relevant factors when deciding on the best course of action that enables the delivery of our strategy through the long-term. The directors also take into consideration the impact on other stakeholders and understand that this sometimes leads to situations where the interest of certain stakeholders may not be fully aligned.

The directors and management maintain a regular, fair and balanced dialogue with our new Belgian owners, Damier BV, and provide objective information about performance through monthly and quarterly reporting packs, monthly business reviews, conference calls, Q&As and management meetings. Key stakeholders are informed and input wherever required in strategic plans to evolve strategies to meet the longer-term objectives.

DR. ORGANIC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

In discharging their section 172(1) duties the directors have had regard to the factors set out above, as well as other factors relevant to the decision being made. The directors also acknowledge that every decision made will not always necessarily result in a positive outcome for all stakeholder groups, but by considering our core values, together with our strategic priorities, the directors aim to ensure that the decisions made are consistent and intended to promote the company's long-term success.

Principal decisions in the year

Principal decisions are decisions and discussions which are material or strategic to the company, but also those that are significant to any of our stakeholder groups. We consider the following to be examples of Principal decisions made by the Board in FY 2022:

We have continued to assess the ongoing impact of Brexit and the Directors and key stakeholders continue to assess alternative operating models to adapt to the changing environment. As a result of this the company has actively investigated further potential solutions to minimise any impacts such as renegotiating terms with customers, registering for VAT and making use of a cross dock facility in Europe.

Going concern

The Company is principally funded by cash deposited within its bank accounts. Included in the net assets at the year end were £2,486,000 (2021: £1,021,000) of cash at bank and no bank loan (2021: £2,533,000) as the bank loan was repaid in full on 11 August 2022.

The Directors have closely monitored the impact of both the Russia/Ukraine conflict, rising inflation and the cost of living crisis on supply chains, costs and customer demand. Whilst all of these have been impacted in some way, management has not seen a significant adverse impact on business as a direct result. However, these factors will be closely reviewed on a continual basis by both management and the directors.

Forecasting has been prepared on a rolling 12 month basis and takes into account the expected impacts of the above. The modelling and assumptions continue to forecast a profitable and cash generating position under these conditions. It is the view of the directors that, even in these uncertain times, sales volumes will not likely decline to such a degree that the company is no longer profitable or cash generating and in the event of a fall in sales, the Company would implement cost saving measures including restricting travel to essential travel only and curtailing marketing expenditure.

The Company has prepared a cash flow forecast for the 12 month period from the date of signing the financial statements that does not identify any material uncertainties over forecast liquidity and adequacy of cash resources.

After reviewing the Company's forecasts and projections, the net asset position and the ability to reduce activity levels and implement cost saving initiatives shows that the Company can continue to meet its obligations for a period of 12 months from the date of this report. As a result, the directors have adopted the going concern basis in preparing this annual report and financial statements.

DR. ORGANIC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Principal risks and uncertainties

The management of the business is subject to a number of risks, some examples of which are set out below. The directors have ensured that processes are in place to monitor and mitigate these risks.

Economic factors

The success of the business relies ultimately on the spending of the consumer in the skincare, beauty and health products retail sector. Despite there being uneven economic performance across the Euro area, with the resulting impact upon consumer spending in those markets, Dr. Organic's business continues to perform well in key export markets, as well as in the domestic market.

The Company continues to monitor the impact of both the Russia/Ukraine conflict, the cost of living crisis and rising inflation levels on supply chains, costs and customer demand. Whilst all of these have been impacted in some way, management has not seen a significant adverse impact on business as a direct result. However, these factors will be closely reviewed on a continual basis by both management and the directors. A key challenge for management and directors of the group is the risk associated with supply with increasing lead times and inflationary pressures increasing energy and freight costs. Management is looking at ways to mitigate this such as increasing stock safety levels, shipping directly to customers from suppliers and investing in solar panels.

Competition

The market in which the company operates is extremely competitive with a constant stream of new entrants. However, we are confident in our ability to compete at the very highest levels and continue to grow in worldwide markets.

Continued growth of our products for example, by making our products COSMOS certified, ensures we are able to differentiate ourselves from other brands in the market and ensure strong financial performance going forward.

Key financial performance indicators

Analysis of company performance is undertaken monthly. The directors observe the usual financial indicators of performance – turnover, gross margin and Earnings Before Interest Taxation Depreciation and Amortisation (EBITDA), which is an accounting measure calculated using the company's profits before interest expenses, taxes, depreciation, and amortization are subtracted, and compare these measures against budgets. In addition, the directors produce management information that analyses sales performance, product performance, stock ageing, market segments, supplier analysis and supplier performance. Against the company's key measurement of performance — gross margin in the year increased from 18.5% to 25.4% due predominantly to a stock rationalisation plan implemented following a strategic review of non-core products and ranges.

DR. ORGANIC LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors consider the following to be the key performance indicators:

	2022	2021
Turnover	£16,976,000	£18,995,000
Gross margin	25.4%	18.5%
EBITDA	£347,000	(£2,928,000)
Adjusted EBITDA	£906,000	£875,000

Adjusted EBITDA has been defined by the directors as the true underlying EBITDA adding back one-off transaction related costs including product range rationalisation, legal and professional fees, reassessment of recoverability of intercompany balances and deal related employee costs.

Approved by the Board of directors and signed on behalf of the Board.

Victoria Harrison

V E Harrison
Director

Date: 27 October 2023

DR. ORGANIC LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

Results and dividends

The results for the year are set out on page 15.

No ordinary dividends were paid during the year (2021: £1,174,000). The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and, unless otherwise stated, up to the date of signature of the financial statements were as follows:

M J R Harvey (resigned 25 July 2022)
JYV Finance BV
Apollo Advisory BV
H V Capital Management BV
V E Harrison (appointed 18 July 2022)
P J Turner (appointed 18 July 2022)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DR. ORGANIC LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Future developments

As set out in the Strategic report on page 1, the company will continue to develop its range of Dr. Organic products, expanding existing markets and looking to take the products into new international markets.

Directors' indemnity insurance

Directors' indemnity insurance is provided with the cost incurred by the ultimate parent company, Damier BV. This remains in force at the date of this report.

Research and development

The company continues to develop new products as discussed in the Strategic report.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate risk, and interest rate cash flow risk. The company has in place an informal risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is continually monitored in line with the company's credit control procedures. Credit risk insurance has been evaluated by the directors and has not been deemed cost-effective in the current business climate. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature and the availability of credit insurance on the customer base.

Liquidity risk and interest rate risk

The company has cash reserves to fund its operations. The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate cash flow risk

The company has interest-bearing assets. Interest-bearing assets include cash only balances, all of which earn interest at variable rates.

DR. ORGANIC LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

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

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Grant Thornton UK LLP be reappointed as auditor will be put at a General Meeting.

Approved by the board and signed on behalf of the Board.

Victoria Harrison

V E Harrison
Director

Date: 27 October 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR. ORGANIC LIMITED

Qualified Opinion

We have audited the financial statements of Dr. Organic Limited (the 'company') for the year ended 30 September 2022, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and 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, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to stock having a carrying amount of £4,861,000 the audit evidence available to us was limited because we did not observe sufficient counting of physical stock in all locations as at 30 September 2022. Owing to the nature of the company's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. We were able to observe sufficient counting of physical stock in one location with a value of £4,433,000 as at 30 September 2022.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis and current inflationary pressures, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR. ORGANIC LIMITED (CONTINUED)

resources or ability to continue operations over the going concern period.

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 other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section above, we were unable to obtain sufficient appropriate evidence about stock quantities.

Accordingly, we were unable to conclude whether or not the other information is materially misstated with respect to this matter.

Opinions on other matters prescribed by the Companies Act 2006

Except for the matter described in the basis In our opinion, based on the work undertaken in the course of the audit:

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR. ORGANIC LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, 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 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR. ORGANIC LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the company is complying with significant legal and regulatory frameworks through inquiries of management;
- The company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the company's control environment;
 - the company's relevant controls over areas of significant risks; and
 - the company's business processes in respect of classes of transactions that are significant to the financial statements.
- Audit procedures performed by the engagement team included:
 - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DR. ORGANIC LIMITED (CONTINUED)

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
 - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
 - appropriate training, knowledge of the industry in which the company operates; and
 - understanding of the legal and regulatory requirements specific to the company.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

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 Auditor's report.

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 an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Rhian Owen

Rhian Owen BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

27 October 2023

DR. ORGANIC LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

		2022	<i>As restated</i>
	Note	£000	2021
			£000
Turnover	4	16,976	18,995
Cost of sales		(12,661)	(15,472)
Gross profit		4,315	3,523
Administrative expenses		(3,800)	(6,548)
Exceptional administrative expenses	12	(559)	(325)
Operating loss	5	(44)	(3,350)
Interest payable and similar expenses	9	(34)	(39)
Loss before tax		(78)	(3,389)
Tax on loss	10	(27)	156
Loss for the financial year		(105)	(3,233)

All the above operations arise from continuing activities. There are no recognised gains and losses for the financial years other than those included above. Accordingly, no separate Statement of comprehensive income is presented.

The notes on pages 18 to 37 form part of these financial statements.

DR. ORGANIC LIMITED
REGISTERED NUMBER:06295606

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	2022 £000	As restated 2021 £000
Fixed assets			
Intangible assets	13	147	171
Tangible assets	14	4,187	4,382
Investments	15	64	64
		<u>4,398</u>	<u>4,617</u>
Current assets			
Stocks	16	4,861	6,815
Debtors: amounts falling due within one year	17	5,879	7,410
Cash at bank and in hand	18	2,486	1,021
		<u>13,226</u>	<u>15,246</u>
Creditors: amounts falling due within one year	19	(4,812)	(6,946)
Net current assets		<u>8,414</u>	<u>8,300</u>
Total assets less current liabilities		<u>12,812</u>	<u>12,917</u>
Net assets		<u><u>12,812</u></u>	<u><u>12,917</u></u>
Capital and reserves			
Called up share capital	22	178	178
Share premium account	23	15	15
Profit and loss account	23	12,619	12,724
		<u>12,812</u>	<u>12,917</u>

The financial statements were approved by the Board of directors and authorised for issue on and are signed on its behalf on 27 October 2023.

Victoria Harrison

V E Harrison
 Director

The notes on pages 18 to 37 form part of these financial statements.

DR. ORGANIC LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 October 2021 (as previously stated)	178	15	1,139	11,910	13,242
Prior year adjustment - correction of error	-	-	(1,139)	814	(325)
At 1 October 2021 (as restated)	178	15	-	12,724	12,917
Comprehensive income for the year					
Loss for the year	-	-	-	(105)	(105)
Total comprehensive income for the year	-	-	-	(105)	(105)
At 30 September 2022	178	15	-	12,619	12,812

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 October 2020	178	15	15,992	16,185
Comprehensive income for the year				
Loss for the year	-	-	(3,233)	(3,233)
Total comprehensive income for the year	-	-	(3,233)	(3,233)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(1,174)	(1,174)
Credit to equity for equity settled share-based payments	-	-	1,139	1,139
At 30 September 2021	178	15	12,724	12,917

The notes on pages 18 to 37 form part of these financial statements.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

Dr. Organic Limited ("the company") designs and distributes a range of natural, health and skincare products through a network of distributors in both the domestic and export markets.

Dr. Organic Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office is Dr. Organic Limited, Valley Way, Swansea Enterprise Park, Swansea, Wales, SA6 8QP.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pound (£'000) except when otherwise stated.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The company has also taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

The financial statements of the company are consolidated in the financial statements of TOCG UK Limited as at 30 September 2022. These consolidated financial statements are available from its registered office, c/o Dr Organic Limited, Valley Way, Swansea Enterprise Park, Swansea, SA6 8QP.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The Company is principally funded by cash deposited within its bank accounts. Included in the net assets at the year end were £2,486,000 (2021: £1,021,000) of cash at bank and no bank loan (2021: £2,533,000) as the bank loan was repaid in full on 11 August 2022.

The Directors have closely monitored the impact of both the Russia/Ukraine conflict, rising inflation and the cost of living crisis on supply chains, costs and customer demand. Whilst all of these have been impacted in some way, management has not seen a significant adverse impact on business as a direct result. However, these factors will be closely reviewed on a continual basis by both management and the directors.

Forecasting has been prepared on a rolling 12 month basis and takes into account the expected impacts of the above. The modelling and assumptions continue to forecast a profitable and cash generating position under these conditions. It is the view of the directors that, even in these uncertain times, sales volumes will not likely decline to such a degree that the company is no longer profitable or cash generating and in the event of a fall in sales, the Company would implement cost saving measures including restricting travel to essential travel only and curtailing marketing expenditure.

The Company has prepared a cash flow forecast for the 12 month period from the date of signing the financial statements that does not identify any material uncertainties over forecast liquidity and adequacy of cash resources.

After reviewing the Company's forecasts and projections, the net asset position and the ability to reduce activity levels and implement cost saving initiatives shows that the Company can continue to meet its obligations for a period of 12 months from the date of this report. As a result, the directors have adopted the going concern basis in preparing this annual report and financial statements.

2.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales-related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. There is management judgement in what is classified as a trade discount or volume rebate which is discussed in detail in the judgement and estimates section on page 26.

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

2.5 Dividends

Dividend income is recognised when the right to receive payment is established.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.6 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

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

Trademarks	-	10 years straight line
Software	-	10 years straight line

2.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land	- Not depreciated
Freehold buildings	- 25 years straight line
Plant and equipment	- 5-10 years straight line
Fixtures and fittings	- 3-10 years straight line

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

2.8 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in the Statement of comprehensive income.

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

Entities in which the company has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.9 Impairment of fixed assets**

At each reporting period-end 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).

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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in the Statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. Cost is determined using an actual costing method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Statement of comprehensive income. Reversals of impairment losses are also recognised in the Statement of comprehensive income.

2.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand.

2.12 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.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.13 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.

2.14 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.15 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.16 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting-end date.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.16 Financial instruments (continued)**

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of comprehensive income.

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

Derecognition of financial assets

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

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.17 Equity instruments

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

2.18 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting-end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

2.19 Employee benefits

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

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

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

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.21 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 Statement of comprehensive income 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.

2.22 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2.23 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting-end date. Gains and losses arising on translation are included in the Statement of comprehensive income for the period.

2.24 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in company's investment in that subsidiary.

2.25 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 Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The area of critical judgement relates to items that may be considered to be trade discounts. However when management has reviewed the individual nature of these transactions it has been judged that they are not trade discounts and have been accounted for in cost of sales.

In FY22 there are total costs of £2,157,000 that fall under this area of judgement. Management assessment of the different types of costs and why they are not considered to be trade discounts are discussed below.

Support for stock our customers sell on promotion

There are a number of UK customers where we provide support and funding for promotions that they run on our products to the end consumers.

These promotions are not contractual or constant and change during the year depending on what we decide that we want to support. These amounts do not relate directly to the stock that is purchased from Dr Organic, they relate to stock that the customer sells out to the end consumer during the promotional period. If we decided not to be involved in a promotion any amounts due to us from the customer would be payable in full.

We also believe that the charge from the customer for including us in part of a promotion could be deemed to be a service that has been provided, which would again mean the transactions were not classed as trade discounts.

Commissions

There are amounts for one customer which are a commission which is paid to a separate supplier and not deduction on the amount receivable from the customer.

Charge for support and services

We receive charges from one customer which they deduct from the amount payable to us. However these are for specific charges where we have chosen to be invoiced this way such as potential damages, or for services that they provide or allow us access to, such as merchandising activities/emails, access to a team of brand specialists and program managers and inclusion in subscription services available to the end consumer.

Support for marketing in other countries

We provide support to some of our customers outside of the UK to help support marketing activities in their respective countries. Some of this is contractual and is clearly classified as a marketing allowance in the contract and others we agree during the year what will give to the customer as support. It is our judgement that the customer promoting our products in their country is a service that they are providing to us to increase their and therefore our sales.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

3. Judgements in applying accounting policies (continued)**Key sources of estimation uncertainty**

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

Inventory provisioning

It is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and the associated provision.

4. Turnover

Turnover is wholly attributable to the principal activity of the company. A geographical analysis of turnover is set out below:

Analysis of turnover by country of destination:

	2022	2021
	£000	£000
United Kingdom	10,140	9,528
Rest of Europe	4,937	5,985
Rest of the world	1,899	3,482
	16,976	18,995

There is only one class of business.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£000	£000
Exchange (gains)/losses	(12)	21
Depreciation of owned tangible fixed assets	367	400
Profit on disposal of tangible fixed assets	-	(30)
Amortisation of intangible assets	24	22
Impairment of stock recognised	509	1,286
Provision for intercompany balance	-	1,133
Operating lease charges	27	30

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Auditor's remuneration

During the year, the company obtained the following services from the company's auditor:

	2022	2021
	£000	£000
Fees payable to the company's auditor for the audit of the company's financial statements	28	42

The company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the consolidated accounts of the parent company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2022	2021
	£000	£000
Wages and salaries	1,527	2,612
Social security costs	142	253
Pension costs	89	123
	1,758	2,988

Following the sale of the former parent company The Bountiful Co to Nestle Life Services in August 2021, share options outstanding with certain company employees were fully vested and settled in the prior year.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

7. Employees (continued)

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Administration	19	23
Marketing	3	2
Distribution	22	25
Sales	16	17
	60	67

8. Directors' remuneration

	2022	2021
	£000	£000
Remuneration for qualifying services	332	435

Retirement benefits are accruing to 3 (2021: 1) directors under a defined contribution scheme. During the financial year, the company made contributions of £15,000 (2021: £8,000) to the scheme for the directors. Contributions were made to the highest paid director of £13,000 (2021: £8,000). This is included in the aggregate emoluments figure above.

9. Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on bank overdrafts and loans	34	39

DR. ORGANIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	27	(156)
Total current tax	<u>27</u>	<u>(156)</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit/(loss) on ordinary activities	<u>27</u>	<u>(156)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: *lower than*) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £000	2021 £000
Loss on ordinary activities before tax	(78)	(3,389)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(15)	(644)
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	104	434
Utilisation of tax losses	(33)	-
Adjustments in respect of prior years	-	(156)
Group relief	(70)	105
Permanent capital allowances in excess of depreciation	41	43
Prior period adjustment	-	62
Total tax charge for the year	<u>27</u>	<u>(156)</u>

11. Dividends

	2022 £000	2021 £000
Final paid (£Nil per ordinary share (2021: £6.59))	<u>-</u>	<u>1,174</u>

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

12. Exceptional items

	2022	<i>2021</i>
	£000	<i>£000</i>
Intercompany write off	559	<i>325</i>
	<u>559</u>	<u><i>325</i></u>
	<u>559</u>	<u><i>325</i></u>

13. Intangible assets

	Software	Trademarks	Total
	£000	£000	£000
Cost			
At 1 October 2021	16	216	232
	<u>16</u>	<u>216</u>	<u>232</u>
At 30 September 2022	16	216	232
	<u>16</u>	<u>216</u>	<u>232</u>
Amortisation			
At 1 October 2021	14	47	61
Charge for the year	2	22	24
	<u>16</u>	<u>69</u>	<u>85</u>
At 30 September 2022	16	69	85
	<u>16</u>	<u>69</u>	<u>85</u>
Net book value			
At 30 September 2022	-	147	147
	<u>-</u>	<u>147</u>	<u>147</u>
At 30 September 2021	2	169	171
	<u>2</u>	<u>169</u>	<u>171</u>

Amortisation of intangible assets is charged to administrative expenses in the Statement of comprehensive income.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 October 2021	3,519	2,455	349	6,323
Additions	-	35	137	172
At 30 September 2022	<u>3,519</u>	<u>2,490</u>	<u>486</u>	<u>6,495</u>
Depreciation				
At 1 October 2021	653	999	289	1,941
Charge for the year	106	206	55	367
At 30 September 2022	<u>759</u>	<u>1,205</u>	<u>344</u>	<u>2,308</u>
Net book value				
At 30 September 2022	<u>2,760</u>	<u>1,285</u>	<u>142</u>	<u>4,187</u>
At 30 September 2021	<u>2,866</u>	<u>1,456</u>	<u>60</u>	<u>4,382</u>

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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15. Fixed asset investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 October 2021	64
At 30 September 2022	<u>64</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
Dr. Organic Group Limited	Dr. Organic Limited, Valley Way, Swansea Enterprise Park, Swansea, Wales, SA6 8QP	Ordinary	100%
Optima Consumer Health Limited**	Dr. Organic Limited, Valley Way, Swansea Enterprise Park, Swansea, Wales, SA6 8QP	Ordinary	100%

The directors believe that the carrying value of the investments is supported by their underlying net assets.

**indirectly held.

16. Stocks

	2022 £000	2021 £000
Raw materials and consumables	1,075	1,842
Finished goods and goods for resale	3,786	4,973
	<u>4,861</u>	<u>6,815</u>

There is no material difference between the replacement cost of stocks and the amount above. Inventories are stated after provision for impairment of £509,000 (2021: £1,033,000).

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17. Debtors

	2022	2021
	£000	£000
Trade debtors	3,520	3,779
Corporation tax recoverable	82	607
Amounts owed by group undertakings	1,822	2,682
Other debtors	201	197
Prepayments and accrued income	229	120
Deferred tax asset (note 21)	25	25
	5,879	7,410

The amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Cash and cash equivalents

	2022	2021
	£000	£000
Cash at bank and in hand	2,486	1,021

19. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Bank loans (note 20)	-	2,533
Trade creditors	920	916
Amounts owed to group undertakings	2,746	2,303
Taxation and social security	55	177
Accruals and deferred income	1,091	1,017
	4,812	6,946

The amounts owed to group undertakings are unsecured, interest free, have no fixed date for repayment and are repayable on demand.

Belfius Bank NV holds a fixed and floating charge dated 16 September 2022.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

20. Loans

Analysis of the maturity of loans is given below:

	2022	2021
	£000	£000
Amounts falling due within one year		
Bank loans	-	2,533
	<u> </u>	<u> </u>

The bank loan, which is measured at amortised cost, bears interest at 1.25% over SONIA and is secured over the company's property at Alberto Road, Swansea. The loan is for a 3 year term commencing January 2019. The loan was repaid in full in August 2022.

21. Deferred taxation

	2022	2021
	£000	£000
At beginning of year	25	25
	<u> </u>	<u> </u>
At end of year	25	25
	<u> </u>	<u> </u>

The deferred tax asset is made up as follows:

	2022	2021
	£000	£000
Accelerated capital allowances	25	25
	<u> </u>	<u> </u>
	25	25
	<u> </u>	<u> </u>

22. Share capital

	2022	2021
	£000	£000
Allotted, called up and fully paid		
164,200 (2021: 164,200) Ordinary A shares of £1.00 each	164	164
10,000 (2021: 10,000) Ordinary B shares of £1.00 each	10	10
4,000 (2021: 4,000) Ordinary C shares of £1.00 each	4	4
	<u> </u>	<u> </u>
	178	178
	<u> </u>	<u> </u>

The Ordinary B shares and Ordinary C shares do not have voting rights attached. In all other regards the three classes of share capital rank equally.

DR. ORGANIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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23. Reserves

Share premium account

The share premium reserve contains the premium arising on an issue of equity shares, net of issue expenses.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid.

24. Prior year adjustment

In prior year, £325,000 of amounts owed to group were previously treated as a fixed asset owed to NBTY (2015) Ltd. The corresponding creditor in the financial statements of NBTY (2015) Ltd was written off in the 2021 year end and £325,000 was no longer payable to NBTY (2015) Ltd. As the amount was no longer repayable, it does not meet the definition of an asset and the amount has been written off to the Statement of comprehensive income as a prior period adjustment. The prior period restatement amounted to £325,000 and has been written off as an exceptional cost on the face of the Statement of comprehensive income.

In August 2021, the share options outstanding with certain company employees were fully vested and settled. The Other reserve created should be transferred to the Profit and loss account. The prior period restatement amounted to £1,139,000 and has been adjusted through the Profit and loss account.

25. Capital commitments

At 30 September 2022 the company had capital commitments of £Nil (2021: £Nil).

26. Pension commitments

The company operates a defined contributions pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £89,000 (2021: £123,000). Unpaid contributions outstanding at 30 September 2022 amounted to £15,000 (2021: £15,000).

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27. Commitments under operating leases

At 30 September 2022 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £000	2021 £000
Within one year	26	2
Between one and five years	13	66
	<u>39</u>	<u>68</u>

The operating lease commitments relate to motor vehicles and plant and machinery.

28. Related party transactions

The company has availed itself of the exemption under FRS102 in relation to the disclosure of transactions with its 100% owned subsidiaries.

The company has the following transactions with companies that are controlled by its ultimate parent undertaking but are not part of the group headed by TOCG UK Ltd:

	2022 £000	2021 £000
Damier BV	<u>-</u>	<u>88</u>

29. Ultimate controlling party

The company is a subsidiary of NBTY (2015) Limited (its immediate parent undertaking), which is incorporated in the United Kingdom.

TOCG UK Limited, a company incorporated in the United Kingdom, represents the smallest and largest group to consolidate these financial statements. The consolidated financial statements can be obtained from the registered office of TOCG UK Limited, Alberto Road, Valley Way, Swansea Enterprise Park, Swansea SA6 8QP.

The ultimate parent undertaking and controlling party is Damier BV, a Belgian company. Mr Yvan Vindevogel is the ultimate controlling party.