

Company registration number 06909822 (England and Wales)

**POWER BODY NUTRITION LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2022**

# POWER BODY NUTRITION LTD

## COMPANY INFORMATION

---

<b>Director</b>	Mr S Szulczewski
<b>Company number</b>	06909822
<b>Registered office</b>	Unit 11 Chessingham Park Common Road Dunnington York YO19 5SE
<b>Auditor</b>	Azets Audit Services Limited Triune Court Monks Cross Drive York YO32 9GZ

---

# POWER BODY NUTRITION LTD

## CONTENTS

---

	Page
Strategic report	1 - 2
Director's report	3
Director's responsibilities statement	4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 25

---

# POWER BODY NUTRITION LTD

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MAY 2022**

---

The director presents the strategic report for the year ended 31 May 2022.

### **Fair review of the business**

Power Body Nutrition Ltd is a distributor of nutritional supplements, selling goods both direct to wholesalers and consumers. Key product ranges include sports nutrition, supplements, health foods and vitamins.

The financial situation remains comfortable and is consistently improving. Thanks to available credit lines and Power Body's own capital we continue to achieve our goals and increase both profit and sales.

Our primary focus continues to be stable growth and development. Investing in technology and development of our systems allows us to subsequently grow the turnover in the face of post-Brexit restrictions as well as Covid-19 pandemic consequences.

### **Principal risks and uncertainties**

2022 has been challenging due to the continuing supply chain issues. Many suppliers had been forced to implement price increases following raw materials cost increases. Stock shortages were still present, but fulfillment rate improved slightly. Shipping delays continued throughout the year, with additional challenges of strikes in port workers and couriers. We found a solution by changing shipping methods to our customers and keeping our stock levels high in both warehouses. We continue to expand our purchasing/logistics teams.

The EU location/warehouse has continued to serve the customers in the EU to help avoid post-Brexit shipping restrictions. The volume consistently increased throughout the year.

In H2 of the year we observed the cost of living crisis affecting our customers and their spending habits. We overcame this by including trusted budget brands in our portfolio.

### **Key performance indicators**

The company focus on a number of KPI's which are assessed at both company and product level.

Turnover, gross profit margins, and administrative costs are the key areas of focus for the business to assess performance of the company as a whole.

2022 has seen another year of sales growth for the company in which total turnover has increased by almost 28% vs 2021, up to £31.9m vs £24.9m.

Domestic sales represent 44% of total turnover and continue to be a pivotal market for the company. Specific focus on the European market has also seen turnover rise and represent 56% of the total turnover of the company.

The company gross profit margin was 20.3%, so there has been an increase on 2021. Administrative costs (excluding depreciation and amortisation) have stayed at similar level as a percentage of sales between 2021 and 2022.

Staff costs have increased by around 3% compared to the 2021 year end, reflecting the ongoing steady growth of the business as well as the future growth plans.

### **Future developments**

We plan to continue growing sales and presence in UK & EU markets steadily. We'd like to expand the territories where we operate, by employing localised/mobile sales teams. We intend to widen and enrich our portfolio in 2023 in terms of the categories of the products we distribute, according to the trends and our customers' needs. As markets continue to grow in the UK and EU we will continue to invest in our IT system and optimise purchasing, control costs and manage sales.

# **POWER BODY NUTRITION LTD**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MAY 2022***

---

### **Other information and explanations**

The director is confident that the company will continue to trade successfully and remain profitable for the foreseeable future.

On behalf of the board

Mr S Szulczewski  
**Director**

13 February 2023

# **POWER BODY NUTRITION LTD**

## **DIRECTOR'S REPORT**

***FOR THE YEAR ENDED 31 MAY 2022***

---

The director presents his annual report and financial statements for the year ended 31 May 2022.

### **Principal activities**

The principal activity of the company continued to be that of the online retailing of nutritional supplements.

### **Results and dividends**

The results for the year are set out on page 8.

Interim ordinary dividends were paid amounting to £180,992 (2021 - £88,000). The director does not recommend payment of a final dividend.

### **Director**

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr S Szulczewski

### **Auditor**

The auditor, Azets Audit Services Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr S Szulczewski

**Director**

13 February 2023

# **POWER BODY NUTRITION LTD**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MAY 2022***

---

The director is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

# POWER BODY NUTRITION LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF POWER BODY NUTRITION LTD

---

#### Opinion

We have audited the financial statements of Power Body Nutrition Ltd (the 'company') for the year ended 31 May 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

#### Basis for opinion

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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



# **POWER BODY NUTRITION LTD**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF POWER BODY NUTRITION LTD**

---

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's report. 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of director**

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the director is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

#### **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.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# POWER BODY NUTRITION LTD

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF POWER BODY NUTRITION LTD

---

#### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

**Martin Davey (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services Limited**

13 February 2023

**Chartered Accountants**  
**Statutory Auditor**

Triune Court  
Monks Cross Drive  
York  
YO32 9GZ

## POWER BODY NUTRITION LTD

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	2021 £
Turnover	3	31,853,489	24,940,144
Cost of sales		(25,388,719)	(20,269,645)
<b>Gross profit</b>		<b>6,464,770</b>	<b>4,670,499</b>
Administrative expenses		(3,484,292)	(2,312,783)
Other operating income		19,488	146,714
<b>Operating profit</b>	4	<b>2,999,966</b>	<b>2,504,430</b>
Interest receivable and similar income		-	14
Interest payable and similar expenses	6	(96,138)	(73,498)
<b>Profit before taxation</b>		<b>2,903,828</b>	<b>2,430,946</b>
Tax on profit	7	(431,231)	(439,840)
<b>Profit for the financial year</b>		<b>2,472,597</b>	<b>1,991,106</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# POWER BODY NUTRITION LTD

## BALANCE SHEET

AS AT 31 MAY 2022

		2022		2021	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		1,391,856		1,370,315
Tangible assets	10		153,150		121,139
			<u>1,545,006</u>		<u>1,491,454</u>
<b>Current assets</b>					
Stocks	11	12,520,805		7,636,948	
Debtors	12	2,090,108		1,568,714	
Cash at bank and in hand		980,390		195,995	
		<u>15,591,303</u>		<u>9,401,657</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(8,370,372)</u>		<u>(6,100,655)</u>	
<b>Net current assets</b>			<u>7,220,931</u>		<u>3,301,002</u>
<b>Total assets less current liabilities</b>			<u>8,765,937</u>		<u>4,792,456</u>
<b>Creditors: amounts falling due after more than one year</b>	16		(1,709,881)		(28,005)
<b>Provisions for liabilities</b>					
Deferred tax liability	17	213,000		213,000	
		<u>(213,000)</u>		<u>(213,000)</u>	
<b>Net assets</b>			<u>6,843,056</u>		<u>4,551,451</u>
<b>Capital and reserves</b>					
Called up share capital	19		10		10
Profit and loss reserves			6,843,046		4,551,441
<b>Total equity</b>			<u>6,843,056</u>		<u>4,551,451</u>

The financial statements were approved and signed by the director and authorised for issue on 13 February 2023

Mr S Szulczewski  
Director

Company Registration No. 06909822

# POWER BODY NUTRITION LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2022

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
<b>Balance at 1 June 2020</b>		10	2,648,335	2,648,345
<b>Year ended 31 May 2021:</b>				
Profit and total comprehensive income for the year		-	1,991,106	1,991,106
Dividends	8	-	(88,000)	(88,000)
<b>Balance at 31 May 2021</b>		10	4,551,441	4,551,451
<b>Year ended 31 May 2022:</b>				
Profit and total comprehensive income for the year		-	2,472,597	2,472,597
Dividends	8	-	(180,992)	(180,992)
<b>Balance at 31 May 2022</b>		10	6,843,046	6,843,056

# POWER BODY NUTRITION LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2022

	Notes	2022 £	£	2021 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	26		1,649,179		(282,920)
Interest paid			(96,138)		(73,498)
Income taxes paid			(608,231)		(48,179)
<b>Net cash inflow/(outflow) from operating activities</b>			944,810		(404,597)
<b>Investing activities</b>					
Purchase of intangible assets		(845,058)		(542,517)	
Purchase of tangible fixed assets		(17,702)		(8,231)	
Interest received		-		14	
<b>Net cash used in investing activities</b>			(862,760)		(550,734)
<b>Financing activities</b>					
Proceeds of new bank loans		2,000,000		1,000,000	
Repayment of bank loans		(1,087,062)		(139,374)	
Payment of finance leases obligations		(29,601)		(28,048)	
Dividends paid		(180,992)		(88,000)	
<b>Net cash generated from financing activities</b>			702,345		744,578
<b>Net increase/(decrease) in cash and cash equivalents</b>			784,395		(210,753)
Cash and cash equivalents at beginning of year			195,995		406,748
<b>Cash and cash equivalents at end of year</b>			980,390		195,995

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MAY 2022**

---

### **1 Accounting policies**

#### **Company information**

Power Body Nutrition Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Unit 11 Chessingham Park, Common Road, Dunnington, York, YO19 5SE.

#### **1.1 Accounting convention**

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods 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.

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.

#### **1.4 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.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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

Software	25% straight line
----------	-------------------

#### **1.5 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

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

Leasehold land and buildings	8 years straight line
Plant and equipment	25% reducing balance
Fixtures and fittings	25% reducing balance
Computers	25% reducing balance

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

#### 1.6 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). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, 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 (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, 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.

#### 1.7 Stocks

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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

#### 1.8 Cash and cash equivalents

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



# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

#### 1.9 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.

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

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

##### **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.

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 1 Accounting policies

(Continued)

#### **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.

### 1.10 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.

### 1.11 Taxation

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

#### **Current tax**

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

#### **Deferred tax**

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

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

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

---

### 1 Accounting policies

(Continued)

#### 1.12 Employee benefits

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

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

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

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss 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 leases asset are consumed.

#### 1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.16 Foreign exchange

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

#### 1.17 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

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

#### Depreciation and amortisation

The depreciation and amortisation policies have been set according to managements experience of the useful lives of a typical asset in each category, something which is reviewed annually. The depreciation and amortisation charged during the year was £857,526 (2021 - £386,474) which the directors feel is a fair reflection of the benefits derived from the consumption of the intangible and tangible fixed assets in use during the period.

#### Stock provisions

At each reporting date an assessment is made for provisions required to properly recognise wastage, damaged goods and over absorbed overheads. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss and provided for in the balance sheet. Reversals of impairment losses are also recognised in profit or loss where these arise.

#### Bad debt provisions

Outstanding trade debtor balances are reviewed on a line by line basis by management to identify possible amounts where a provision is required. Management closely manage the collection of trade debtors and are therefore able to identify balances where there is uncertainty about its recoverability, and determine what provision is required (if any).

### 3 Turnover and other revenue

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

	2022 £	2021 £
<b>Turnover analysed by class of business</b>		
Nutritional products	31,853,489	24,940,144
	<u>31,853,489</u>	<u>24,940,144</u>
	2022 £	2021 £
<b>Turnover analysed by geographical market</b>		
UK	13,917,404	10,019,154
Europe	17,930,488	14,875,324
Rest of the World	5,597	45,666
	<u>31,853,489</u>	<u>24,940,144</u>

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 4 Operating profit

	2022 £	2021 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	152,169	(149,612)
Government grants	(19,488)	(91,429)
Fees payable to the company's auditor for the audit of the company's financial statements	17,380	13,950
Depreciation of owned tangible fixed assets	26,227	19,800
Depreciation of tangible fixed assets held under finance leases	7,782	17,917
Loss on disposal of tangible fixed assets	97	4,381
Amortisation of intangible assets	823,517	348,757
Operating lease charges	76,157	69,313
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2022 Number	2021 Number
Directors	1	1
Salaries and distribution	26	31
Office management	22	19
	<u>          </u>	<u>          </u>
Total	49	51
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	1,321,494	1,295,096
Social security costs	124,261	117,002
Pension costs	25,757	22,214
	<u>          </u>	<u>          </u>
	1,471,512	1,434,312
	<u>          </u>	<u>          </u>

### 6 Interest payable and similar expenses

	2022 £	2021 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	94,866	69,776
<b>Other finance costs:</b>		
Interest on finance leases and hire purchase contracts	1,272	3,722
	<u>          </u>	<u>          </u>
	96,138	73,498
	<u>          </u>	<u>          </u>

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 7 Taxation

	2022 £	2021 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	430,000	383,000
Adjustments in respect of prior periods	1,231	(160)
Total current tax	431,231	382,840
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	6,024
Changes in tax rates	-	50,976
Total deferred tax	-	57,000
Total tax charge	431,231	439,840

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £	2021 £
Profit before taxation	2,903,828	2,430,946
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	551,727	461,880
Tax effect of expenses that are not deductible in determining taxable profit	927	1,026
Effect of change in corporation tax rate	-	50,975
Depreciation on assets not qualifying for tax allowances	174	233
Research and development tax credit	(118,868)	(73,210)
Under/(over) provided in prior years	1,231	(160)
Other tax adjustments	(3,960)	(904)
Taxation charge for the year	431,231	439,840

### 8 Dividends

	2022 £	2021 £
Interim paid	180,992	88,000

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 9 Intangible fixed assets

	Software £
<b>Cost</b>	
At 1 June 2021	2,856,318
Additions - internally developed	845,058
	<hr/>
At 31 May 2022	3,701,376
	<hr/>
<b>Amortisation and impairment</b>	
At 1 June 2021	1,486,003
Amortisation charged for the year	823,517
	<hr/>
At 31 May 2022	2,309,520
	<hr/>
<b>Carrying amount</b>	
At 31 May 2022	1,391,856
	<hr/> <hr/>
At 31 May 2021	1,370,315
	<hr/> <hr/>

During the year, there has been a change in accounting estimate and the amortisation rate applied to software has changed from 25% reducing balance to 25% straight line. This has resulted in additional amortisation charged in the year of £371,500.

### 10 Tangible fixed assets

	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 June 2021	-	244,668	88,626	30,052	363,346
Additions	8,050	45,555	7,512	4,999	66,116
Disposals	-	(531)	(285)	-	(816)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2022	8,050	289,692	95,853	35,051	428,646
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation and impairment</b>					
At 1 June 2021	-	163,745	59,484	18,978	242,207
Depreciation charged in the year	419	22,228	8,110	3,252	34,009
Eliminated in respect of disposals	-	(457)	(263)	-	(720)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 2022	419	185,516	67,331	22,230	275,496
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Carrying amount</b>					
At 31 May 2022	7,631	104,176	28,522	12,821	153,150
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 May 2021	-	80,923	29,142	11,074	121,139
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 10 Tangible fixed assets

(Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Plant and equipment	67,444	53,749

### 11 Stocks

	2022 £	2021 £
Finished goods and goods for resale	12,520,805	7,636,948

### 12 Debtors

	2022 £	2021 £
<b>Amounts falling due within one year:</b>		
Trade debtors	2,005,387	1,511,669
Other debtors	34,810	41,973
Prepayments and accrued income	49,911	15,072
	2,090,108	1,568,714

### 13 Loans and overdrafts

	2022 £	2021 £
Bank loans	5,864,546	3,302,250
Payable within one year	4,197,879	3,297,797
Payable after one year	1,666,667	4,453

Included within bank loans are individual supplier invoice financing totalling £2,858,647 (2021 - £2,045,742). Balances fall due 90 days after the loan is advanced and interest is charged at 1.75% over the variable rate.

Also included in bank loans are two additional loan facilities. The first facility has a balance of £2,000,000 (2021 - £nil) and a final repayment date of March 2026. The loan is repayable in 41 instalments of £47,619 and interest is charged at 4.65% above the Bank of England base rate.

The second facility has a balance of £nil (2021 - £1,000,000) and a final repayment date of January 2022. The loan is repayable in six instalments of £166,667 and interest is charged at 3.49% above the Bank of England base rate.

Also included in bank loans is a balance of £1,005,899 (2021 - £169,445) relating to invoice financing.

Bank loans are secured over the trade and assets of the company.



# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 14 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	22,746	22,899
In two to five years	46,459	25,042
	<u>69,205</u>	<u>47,941</u>
Less: future finance charges	(5,934)	(3,484)
	<u>63,271</u>	<u>44,457</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 5 years from inception. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Finance lease obligations are secured on the asset to which they relate.

### 15 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	13	4,197,879	3,297,797
Obligations under finance leases	14	20,057	20,905
Trade creditors		3,181,741	2,036,309
Corporation tax		206,000	383,000
Other taxation and social security		290,556	72,934
Other creditors		376,773	262,523
Accruals and deferred income		97,366	27,187
		<u>8,370,372</u>	<u>6,100,655</u>

Bank loans and obligations under finance leases are secured over the trade and assets of the company.

### 16 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	13	1,666,667	4,453
Obligations under finance leases	14	43,214	23,552
		<u>1,709,881</u>	<u>28,005</u>

Bank loans and obligations under finance leases are secured over the trade and assets of the company.

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £
<b>Balances:</b>		
Accelerated capital allowances	213,000	213,000

There were no deferred tax movements in the year.

### 18 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	25,757	22,214

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions totalling £6,093 (2021 - £4,057) were payable to the fund at the year end and are included in creditors.

### 19 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital Issued and fully paid</b>				
Ordinary shares of £1 each	10	10	10	10

### 20 Financial commitments, guarantees and contingent liabilities

The company's director has personal guarantees totalling £260,000 (2021: £60,000) in place over the company's borrowings.

### 21 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £	2021 £
Within one year	120,000	38,170
Between two and five years	290,000	-
	410,000	38,170

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 22 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2022 £	2021 £
Aggregate compensation	547,229	348,857

#### Transactions with related parties

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

	Sales 2022 £	Sales 2021 £	Purchases 2022 £	Purchases 2021 £
Entities controlled by a common director	4,744,173	4,179,813	1,497	78,640
IT supplier and trade loan provider	-	-	785,979	468,626

The following amounts were outstanding at the reporting end date:

	2022 £	2021 £
Amounts due to related parties		
Entities controlled by a common director	180,746	164,976
IT supplier and trade loan provider	55	56,979

### 23 Directors' transactions

Dividends totalling £180,992 (2021 - £88,000) were paid in the year in respect of shares held by the company's directors.

### 24 Ultimate controlling party

The company is controlled by Mr S Szulczewski, the director of the company.

### 25 Director's remuneration

	2022 £	2021 £
Remuneration for qualifying services	11,951	10,393
Company pension contributions to defined contribution schemes	3,600	3,600
	15,551	13,993

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2021 - 1).

# POWER BODY NUTRITION LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2022

### 26 Cash generated from/(absorbed by) operations

	2022 £	2021 £
Profit for the year after tax	2,472,597	1,991,106
<b>Adjustments for:</b>		
Taxation charged	431,231	439,840
Finance costs	96,138	73,498
Investment income	-	(14)
Loss on disposal of tangible fixed assets	97	4,381
Amortisation and impairment of intangible assets	823,517	348,757
Depreciation and impairment of tangible fixed assets	34,009	37,717
<b>Movements in working capital:</b>		
Increase in stocks	(4,883,857)	(2,756,354)
Increase in debtors	(521,394)	(302,974)
Increase/(decrease) in creditors	3,196,841	(118,877)
<b>Cash generated from/(absorbed by) operations</b>	<b>1,649,179</b>	<b>(282,920)</b>

### 27 Analysis of changes in net debt

	1 June 2021 £	Cash flows £	31 May 2022 £
Cash at bank and in hand	195,995	784,395	980,390
Borrowings excluding overdrafts	(3,302,250)	(2,562,296)	(5,864,546)
Obligations under finance leases	(44,457)	(18,814)	(63,271)
	<b>(3,150,712)</b>	<b>(1,796,715)</b>	<b>(4,947,427)</b>

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.