

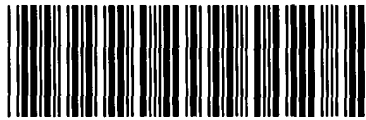
Registered number: 06511740

APPLIED NUTRITIONAL RESEARCH LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2022

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APPLIED NUTRITIONAL RESEARCH LTD

CONTENTS

	Page(s)
Company Information	1
Strategic Report	2 - 3
Directors' Report	4 - 5
Independent Auditors' Report to the Members of Applied Nutritional Research Ltd	6 - 8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 27

APPLIED NUTRITIONAL RESEARCH LTD

COMPANY INFORMATION

Directors	M D Richardson S Richardson K A Burn D S Jones
Company secretary	M D Richardson
Registered number	06511740
Registered office	Unit 8 Oakdale Court Bryn Brithdir Oakdale Business Park Blackwood Gwent NP12 4AD
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors One Kingsway Cardiff CF10 3PW

APPLIED NUTRITIONAL RESEARCH LTD

STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present the Strategic Report of Applied Nutritional Research Ltd (the "Company") for the year ended 28 February 2022.

Strategic objectives

In the year ended 28 February 2022 we sought to build on the growth in 2021 while managing the cost inflation on most input costs most notably commodities and energy costs.

The year to February 2023 will continue to see the benefits of new product launches with current and new customers.

Business review

Extremely high price inflation from all commodities and energy supplies have resulted in increased prices to customers in order to protect the margin. Milk proteins have been the biggest drivers.

Turnover was £11,680,305 (2021: £10,785,602) increasing by 8% over the previous year. The business will continue to focus on launching new products to current and new customers.

As selling prices were changed to reflect increased material costs and rising overheads, operating profit came in at £1,531,469 (2021: £1,354,993) a rise of 13%.

Principal risks and uncertainties

The key operational risks facing ANR Ltd arise from the global cost and supply of materials.

Financial key performance indicators

Net Sales

Net sales for the year ended 28 February 2022 of £11,680,305 (2021: £10,785,602) equivalent to an increase of 8%. Growth was realised in existing and new products to existing customers and also an element of price increases.

Gross Profit %

Gross profit for the year ended 28 February 2022 was 45% which was a 1% increase on 2021.

Operating Profit

Operating profit for the year ended 28 February 2022 of £1,531,469 which was an increase of £176,476 in 2021.

APPLIED NUTRITIONAL RESEARCH LTD

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2022**

Section 172 Statement

In accordance with section 172 of the Companies Act 2006 the directors present the following statement on the Company's engagement with employees. The directors at all times endeavour to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have a regard to a range of matters when making long term strategic decisions. The directors retain oversight of matters of strategic importance including the long-term objectives of the Company.

Our success is built upon meeting our customers needs and requirements. The Company frequently engages with our customers in order to promote new products and to make sure the products are of a high quality.

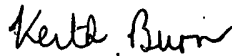
The Company directors are actively involved in promoting employee engagement. The directors believe that the employees are fundamental to the continued and long-term success of the Company. During the year, active employee engagement activities include:

- A workers committee meet with Directors to discuss issues on a monthly basis.
- A employee engagement survey was conducted in 2021 which feedback was consolidated and fed back to directors and employees.
- A bi-annual town hall was introduced to cover updates on Company performance.

The Company has long standing relationships with customers and key suppliers within the manufacturing supply chain and is committed to acting fairly with stakeholders. Strong relationships with our supply chain are fundamental to the Company's long-term success in ensuing continued production of high quality nutritional baked products.

The directors aspire to the highest ethical standards in its management of the Company.

This report was approved by the board and signed on its behalf by:



K A Burn
Director

Date: 29/11/2022

APPLIED NUTRITIONAL RESEARCH LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2022

The directors present their annual report and the audited financial statements of Applied Nutritional Research Ltd (the "Company") for the year ended 28 February 2022.

Principal activities

The Company is a contract manufacturer of baked nutritional goods into the sports nutrition, well being and weight management market.

Results and dividends

The profit for the financial year amounted to £1,204,461 (2021: £1,168,597).

A dividend was declared and paid during the financial year of £152,000 (£80 per share) (2021: £Nil).

A dividend was declared and paid post year end for a total of £300,200 (£158 per share).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

M D Richardson
S Richardson
K A Burn
K N Ewers (resigned 8 September 2022)
D S Jones

Going concern

The Company meets its day to day working requirements through using its cash reserves. The directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial forecasts which show, taking into account reasonably probable changes in financial performance that the Company should be able to operate within the level of its current cash reserves.

We have seen a little disruption to our business as a result of the COVID-19 pandemic mainly with absenteeism and delayed deliveries of supply materials. As a food manufacturer in the nutritional market, demand for our products remains high and the factory is operating at full production on current shifts. Our customer base provides a strong debtor book based on 'cash' sales and receipts which continue to be received on time. However, at this stage, it is difficult to assess reliably where there will be any material disruption in the future due mainly to the on-going Russia/Ukraine war.

The financial forecasts provide the directors with reasonable confidence that the Company does not need to seek additional funding over the next 12 months as its forecasts indicate it has sufficient cash reserved and ongoing liquidity to serve the next 12 months, even a drop in revenue occurs. Based upon models, risk assessment, counter measures already in place and contingency planning, it is deemed appropriate to prepare the financial statements on a going concern basis.

Future developments

Following the strong year of growth, the Company continues to build on this by engaging with new customers especially in new geographical markets.

APPLIED NUTRITIONAL RESEARCH LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2022

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



K A Burn
Director

Date: 29/11/2022

APPLIED NUTRITIONAL RESEARCH LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLIED NUTRITIONAL RESEARCH LTD

Report on the audit of the financial statements

Opinion

In our opinion, Applied Nutritional Research Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 28 February 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

APPLIED NUTRITIONAL RESEARCH LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLIED NUTRITIONAL RESEARCH LTD (CONTINUED)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 28 February 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to food and hygiene laws, health and safety regulations, environmental legislation and employment laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax laws and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Evaluation of the adequacy of the design of management's controls to prevent and detect irregularities;
- Enquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing of meeting minutes, including those of the Board;
- Identifying and testing the validity of journal entries, in particular any journal entries posted with unusual account combinations; and
- Incorporating an element of unpredictability in our testing procedures.

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

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

APPLIED NUTRITIONAL RESEARCH LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF APPLIED NUTRITIONAL RESEARCH LTD
(CONTINUED)**

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff

Date: 29 November 2022

APPLIED NUTRITIONAL RESEARCH LTD**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Note	2022 £	2021 £
Turnover	4	11,680,305	10,785,602
Cost of sales		(6,443,220)	(6,051,192)
Gross profit		5,237,085	4,734,410
Distribution costs		(232,732)	(169,997)
Administrative expenses		(3,472,884)	(3,209,420)
Operating profit	5	1,531,469	1,354,993
Interest receivable and similar income	9	265	249
Interest payable and similar expenses	10	(60,468)	(57,176)
Profit before taxation		1,471,266	1,298,066
Tax on profit	11	(266,805)	(129,469)
Profit for the financial year		1,204,461	1,168,597

The notes on pages 13 to 27 form part of these financial statements.

APPLIED NUTRITIONAL RESEARCH LTD
REGISTERED NUMBER: 06511740

BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	13	1,341,031	1,463,105
Current assets			
Stocks	14	2,987,530	1,913,950
Debtors	15	1,518,188	1,644,390
Cash at bank and in hand	16	1,498,408	1,117,117
		<u>6,004,126</u>	<u>4,675,457</u>
Creditors: amounts falling due within one year	17	(1,198,271)	(1,094,299)
Net current assets		<u>4,805,855</u>	<u>3,581,158</u>
Total assets less current liabilities		<u>6,146,886</u>	<u>5,044,263</u>
Provisions for liabilities			
Deferred taxation	19	(207,432)	(157,270)
Net assets		<u><u>5,939,454</u></u>	<u><u>4,886,993</u></u>
Capital and reserves			
Called up share capital	20	1,900	1,900
Capital redemption reserve	21	100	100
Profit and loss account	21	5,937,454	4,884,993
Total shareholders' funds		<u><u>5,939,454</u></u>	<u><u>4,886,993</u></u>

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

Karl Burn

K A Burn
Director

Date: 29/11/2022

The notes on pages 13 to 27 form part of these financial statements.

APPLIED NUTRITIONAL RESEARCH LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total shareholders' funds £
At 1 March 2020	1,900	100	3,716,396	3,718,396
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,168,597	1,168,597
Total comprehensive income for the financial year	-	-	1,168,597	1,168,597
At 28 February 2021 and 1 March 2021	1,900	100	4,884,993	4,886,993
Comprehensive income for the financial year				
Profit for the financial year	-	-	1,204,461	1,204,461
Total comprehensive income for the financial year	-	-	1,204,461	1,204,461
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(152,000)	(152,000)
Total transactions with owners	-	-	(152,000)	(152,000)
At 28 February 2022	1,900	100	5,937,454	5,939,454

The notes on pages 13 to 27 form part of these financial statements.

APPLIED NUTRITIONAL RESEARCH LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	1,204,461	1,168,597
Adjustments for:		
Depreciation of tangible assets	405,909	416,465
Loss on disposal of tangible assets	-	724
Interest paid	60,468	57,176
Interest received	(265)	(249)
Taxation charge	266,805	129,469
Increase in stocks	(1,073,580)	(795,062)
Decrease/(increase) in debtors	174,879	(585,798)
(Decrease)/increase in creditors	(6,439)	28,913
Corporation tax paid	(154,909)	(21,115)
Net cash generated from operating activities	877,329	399,120
Cash flows from investing activities		
Purchase of tangible assets	(283,835)	(293,029)
Sale of tangible assets	-	800
Interest received	265	249
Net cash used in investing activities	(283,570)	(291,980)
Cash flows from financing activities		
Dividends paid	(152,000)	-
Interest paid	(60,468)	(57,176)
Net cash used in financing activities	(212,468)	(57,176)
Net increase in cash and cash equivalents	381,291	49,964
Cash and cash equivalents at the beginning of financial year	1,117,117	1,067,153
Cash and cash equivalents at the end of financial year	1,498,408	1,117,117
Cash and cash equivalents at the end of financial year comprise:		
Cash at bank and in hand	1,498,408	1,117,117

The notes on pages 13 to 27 form part of these financial statements.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

1. General information

Applied Nutritional Research Ltd (the "Company") is a private company limited by shares incorporated in England and Wales, United Kingdom. The registered office is Unit 8 Oakdale Court, Bryn Brithdir, Oakdale Business Park, Blackwood, Gwent, NP12 4AD.

The Company is a contract manufacturer of baked nutritional goods into the sports nutrition, well being and weight management market.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company meets its day to day working requirements through using its cash reserves. The directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial forecasts which show, taking into account reasonably probable changes in financial performance that the Company should be able to operate within the level of its current cash reserves.

We have seen a little disruption to our business as a result of the COVID-19 pandemic mainly with absenteeism and delayed deliveries of supply materials. As a food manufacturer in the nutritional market, demand for our products remains high and the factory is operating at full production on current shifts. Our customer base provides a strong debtor book based on 'cash' sales and receipts which continue to be received on time. However, at this stage, it is difficult to assess reliably where there will be any material disruption in the future due mainly to the on-going Russia/Ukraine war.

The financial forecasts provide the directors with reasonable confidence that the Company does not need to seek additional funding over the next 12 months as its forecasts indicate it has sufficient cash reserved and ongoing liquidity to serve the next 12 months, even a drop in revenue occurs. Based upon models, risk assessment, counter measures already in place and contingency planning, it is deemed appropriate to prepare the financial statements on a going concern basis.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.4 Tangible assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Plant and machinery	- 20% reducing balance
Fixtures and fittings	- 33.33% straight line
Office equipment	- 33.33% straight line
Assets under construction	- Not applicable

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 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.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.6 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP. Monetary amounts in these financial statements are rounded to the nearest £.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.7 Operating leases

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

2.8 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

2.9 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.

2.10 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.11 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.

2.12 Employee benefits

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.

Short term 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.

Other employee benefits

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.

2.13 Equity instruments

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

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.14 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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 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.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.14 Financial instruments (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 receipts 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

2.15 Stocks

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

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

2.16 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.

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

2. Accounting policies (continued)

2.17 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.18 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.

2.19 Current and deferred taxation

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

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

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

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

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

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

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

The directors consider that there are no significant judgements or key sources of estimation uncertainty in the preparation of these financial statements.

APPLIED NUTRITIONAL RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

4. Turnover

An analysis of turnover by class of business is as follows:

	2022 £	2021 £
Sales of goods	<u>11,680,305</u>	<u>10,785,602</u>

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Depreciation of tangible assets	405,909	416,465
Exchange differences	(11,368)	45,135
Other operating lease rentals	<u>20,932</u>	<u>21,063</u>

6. Auditors' remuneration

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>18,150</u>	<u>16,500</u>

Fees payable to the Company's auditors in respect of:

Taxation compliance services	10,000	7,250
Accounting services	2,890	2,750
	<u>12,890</u>	<u>10,000</u>

APPLIED NUTRITIONAL RESEARCH LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022****7. Employees**

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

	2022 £	2021 £
Wages and salaries	1,818,402	1,801,939
Social security costs	146,501	146,377
Other pension costs	72,259	67,450
	<u>2,037,162</u>	<u>2,015,766</u>

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

	2022 Number	2021 Number
Employee	<u>76</u>	<u>83</u>

8. Directors' remuneration

	2022 £	2021 £
Aggregate directors' remuneration	413,146	391,667
Directors national insurance	50,914	49,535
Company contributions to defined contribution pension schemes	26,057	24,983
	<u>490,117</u>	<u>466,185</u>

The highest paid director received remuneration of £110,250 (2021: £110,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,800 (2021: £8,067).

9. Interest receivable and similar income

	2022 £	2021 £
Other interest receivable	<u>265</u>	<u>249</u>

APPLIED NUTRITIONAL RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

10. Interest payable and similar expenses

	2022 £	2021 £
Other interest payable	<u>60,468</u>	<u>57,176</u>

11. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the financial year	216,635	172,510
Adjustments in respect of prior years	8	(62,155)
Total current tax	<u>216,643</u>	<u>110,355</u>
Deferred tax		
Origination and reversal of timing differences	387	3,957
Effect of changes in tax rates	(8)	16,138
Adjustments in respect of prior years	49,783	(981)
Total deferred tax	<u>50,162</u>	<u>19,114</u>
Total tax	<u><u>266,805</u></u>	<u><u>129,469</u></u>

APPLIED NUTRITIONAL RESEARCH LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

11. Tax on profit (continued)

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 £	2021 £
Profit before taxation	<u>1,471,266</u>	<u>1,298,066</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	279,541	246,633
Effects of:		
Expenses not deductible	54,744	55,814
Income not taxable	(117,263)	(125,980)
Adjustments in respect of prior years	-	(63,136)
Tax rate changes	49,783	16,138
Total tax charge for the financial year	<u>266,805</u>	<u>129,469</u>

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2021 (published on 24 May 2021, with royal assent received on 10 June 2021). This confirmed an increase to the corporation tax rate to 25% with effect from 1 April 2023. Deferred taxes at the Balance Sheet date have been calculated based on the corporation tax rate of 25% that is enacted at the reporting date.

12. Dividends

	2022 £	2021 £
Dividend paid of £80 (2021: £Nil) per share	<u>152,000</u>	<u>-</u>

APPLIED NUTRITIONAL RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

13. Tangible assets

	Plant and machinery £	Office equipment £	Fixtures and fittings £	Assets under construction £	Total £
Cost					
At 1 March 2021	2,234,859	134,300	500,710	-	2,869,869
Additions	21,839	14,356	6,380	241,260	283,835
At 28 February 2022	2,256,698	148,656	507,090	241,260	3,153,704
Accumulated depreciation					
At 1 March 2021	1,043,357	100,077	263,330	-	1,406,764
Charge for the year	241,735	23,042	141,132	-	405,909
At 28 February 2022	1,285,092	123,119	404,462	-	1,812,673
Net book value					
At 28 February 2022	971,606	25,537	102,628	241,260	1,341,031
At 28 February 2021	1,191,502	34,223	237,380	-	1,463,105

APPLIED NUTRITIONAL RESEARCH LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022****14. Stocks**

	2022 £	2021 £
Raw materials and consumables	2,959,174	1,842,406
Finished goods and goods for resale	28,356	71,544
	<u>2,987,530</u>	<u>1,913,950</u>

Stock is stated after writing off provision for impairment of £28,956 (2021: £20,586).

15. Debtors

	2022 £	2021 £
Trade debtors	1,395,286	1,584,939
Tax recoverable	96,440	47,763
Prepayments and accrued income	26,462	11,688
	<u>1,518,188</u>	<u>1,644,390</u>

16. Cash at bank and in hand

	2022 £	2021 £
Cash at bank and in hand	<u>1,498,408</u>	<u>1,117,117</u>

17. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	739,120	731,898
Corporation tax	216,826	106,415
Other taxation and social security	41,667	33,267
Other creditors	44,587	58,364
Accruals and deferred income	156,071	164,355
	<u>1,198,271</u>	<u>1,094,299</u>

APPLIED NUTRITIONAL RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

18. Financial instruments

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost	<u>1,421,748</u>	<u>1,596,627</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>939,778</u>	<u>(954,617)</u>
Financial assets measured at amortised cost comprise trade debtors and prepayments.		
Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals.		

19. Deferred taxation

	2022 £
At beginning of year	157,270
Charged to profit or loss	50,170
Adjustment in respect of prior years	(8)
At end of year	<u><u>207,432</u></u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	211,517	159,222
Short term timing differences - trading	(4,085)	(1,952)
	<u><u>207,432</u></u>	<u><u>157,270</u></u>

APPLIED NUTRITIONAL RESEARCH LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

20. Called up share capital

	2022 £	2021 £
Allotted, called up and fully paid.		
1,900 (2021: 1,900) Ordinary shares of £1 (2021: £1) each	<u>1,900</u>	<u>1,900</u>

21. Reserves

Capital redemption reserve

The capital redemption reserve represents the amount by which share capital has been reduced on the repurchase of the Company's own shares.

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the Company.

22. Commitments under operating leases

At 28 February the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 £	2021 £
Not later than 1 year	55,815	74,841
Later than 1 year and not later than 5 years	-	55,815
	<u>55,815</u>	<u>130,656</u>

23. Ultimate parent undertaking and controlling party

The entity is 100% owned by Mathew and Shirley Richardson.