

A Nelson & Co Limited
Annual report and financial statements
31 December 2022

A Nelson & Co Limited

Annual report and financial statements

Registered number 00249879

31 December 2022



Company information

Directors	Robert Wilson Patrick Wilson Simon Hodge Michael Lockett
Company number	00249879
Registered office	Nelsons House 83 Parkside Wimbledon London SW19 5LP
Independent auditor	KPMG LLP EastWest Tollhouse Hill Nottingham NG1 5FS
Bankers	HSBC Bank plc 8 Canada Square London E14 5HQ

Contents

Strategic report	1
Directors' report	4
Statement of directors' responsibilities in respect of the annual report and the financial statements	7
Independent auditor's report	8
Profit and Loss account	12
Balance Sheet	13
Statement of Changes in Equity	14
Notes	15

Strategic Report

The directors present their strategic report and audited financial statements for the year ended 31 December 2022.

Fair review of the business

A Nelson & Co Limited (the 'company') continues to operate predominantly in Europe whilst growing the business in America and a number of international export markets.

The company continues to develop and invest in the existing brands whilst extending the product range to complement its portfolio.

Principal risks and uncertainties

The company's principal activity is the manufacture and sale of natural healthcare products. These products can be classified in different ways depending on the market in which they are sold and the local regulations applying in these markets. As the regulatory environment within which the company operates evolves and changes, the company must respond accordingly which may require changes to manufacturing methods, packaging or product content.

The company exports to a number of markets and as such it faces exchange risk from those markets not invoiced in sterling. The company policy is to regularly monitor FX rates and, where appropriate, to reduce this exposure through the use of financial instruments, principally FX forwards.

Key performance indicators

The following key performance indicators are reported:

- 1) Global sales have increased by 6% to £48.6m (2021: £45.7m).
- 2) Profit before taxation increased to a profit of £11.5m (2021: £3.1m loss).
- 3) Net Assets have increased to £4.4m (2021: £2.9m) at 31 December 2022.

Strategic report (*continued*)

Stakeholder engagement report

This statement is intended by the Directors to set out how they have approached and met their responsibilities under Section 172 of Companies Act 2006 in the financial period ending 31 December 2022.

A Nelson & Co Limited (the 'Company' or 'Nelsons') is a fully owned subsidiary of the Nelson & Russell Holdings Limited group. The Section 172 statement below is from the consolidated group accounts of Nelson & Russell Holdings Limited.

The directors of the company act in accordance with a set of general duties, including those under Section 172 of the Companies Act 2006 to promote the success of the company. In doing so they comply with the below factors:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly as between members of the company.

In discharging their duty to promote the interests of the company under Section 172 of the Companies Act 2006, the directors of Nelsons have regard to a number of factors and stakeholder interests. These are described below.

Long-term consequences

Nelsons has a rich heritage of over 160 years, making us one of the oldest established and best-known global suppliers of natural healthcare and homeopathic products; our mission remains to inspire generations to live healthier, happier lives. Consequently, when setting the future strategic direction of the Company, we specifically consider the legacy we are leaving for generations to come and place strong focus on the way we operate to ensure the enduring success of Nelsons.

Our consumers

The health of our business and our brands depends on the continuing support of our loyal consumers who come from a range of age groups and backgrounds. Our naturally inspired brands cater to consumers' health and wellness needs, delivering safe and effective results in a safe and gentle way. We engage with our consumers through our customers and distributors, as well as directly through consumer feedback and focus groups, seeking always to ensure our products meet their needs and expectations, are high quality and easy to use.

Our employees

Nelsons' people are at the heart of our Company and we are committed to creating an environment where every individual can flourish. Our global engagement surveys and town hall meetings help us to encourage active dialogue and transparency with our employees. We have a diverse workforce of 21 nationalities, spread across our locations in Europe (UK, Monaco, Germany) and America. Some of our employees work in our manufacturing sites, some are based in offices or at home, and others work directly with our customers. We have a fair remuneration program to drive the right behaviours in line with Nelsons' values and participate in the Real Living Wage campaign.

Strategic report (continued)

Our business relationships

Our principal business relationships are with our suppliers, our customers and our distributors. We seek to maintain productive relationships with our, often long standing, partners so that our raw materials, packaging, and services are efficiently and sustainably sourced and our products are responsibly and ethically marketed through a range of stores in over 60 countries around the world.

The community and environment

As a socially responsible and environmentally aware company, we recognise that Nelsons' operations can impact communities and the climate. We have a long tradition of supporting international charitable partners and commit to donating an amount of our profits every year to make a positive impact to the world outside of Nelsons. Tied to our mission of inspiring generations to live healthier, happier lives, we support a number of sports, health and community charities through both corporate and brand partnerships. We are committed to continuing to minimise our ecological footprint and are progressing our packaging and ingredients' sustainability ambitions, as well as maintaining our carbon neutral status.

Our reputation and acting fairly

The success of Nelsons depends on our reputation with our internal and external stakeholders, as a business dedicated to its mission, vision and values. We strive to embrace fair and responsible business practices, and we ensure that all employees are annually trained on all areas of ethical business conduct. Our ongoing engagement with this critical area gives us confidence that business decisions are taken within the right framework. We place strong focus on the way we operate our activities to ensure the long-term success of Nelsons and are conscious of the need to always balance the interests of our different stakeholders fairly.

Principal decisions

During the year, the Board addressed two principal issues:

First, to continue our programme of re-shaping the business for the future. The Group has continued simplifying and strengthening its core business processes and structures, underpinned by a portfolio of strong brands, innovation and growth opportunities, and a dedicated leadership team. Progress made to date has accelerated our momentum and will allow us to develop a new strategic plan in 2023 to enable sustainable future growth.

Secondly, the business closely monitored the impact of the current economic situation and of the rising cost of living, to ensure the well-being of our employees in line with Nelsons' values. We have continued to look at ways in which we can help support employees, through our employee assistance programme. Whilst Nelsons is a Real Living Wage accredited employer committed to paying the UK Real Living Wage and London Living Wage, we recognised that this will not currently be enough to help all our employees. We therefore announced a financial support and well-being scheme in 2022 to assist those in our workforce most likely to be affected by the ongoing cost of living pressures. We appreciate that the current cost of living pressures are not unique to the UK, and are continuing to work closely with our colleagues in other regions to understand how we can continue to best support them

On behalf of the Board

Michael Lockett
Director & CEO

DocuSigned by:
Michael Lockett
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Date: 13 September 2023

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company continued to be the manufacture and sale of natural healthcare products.

Directors

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

Robert Wilson

Patrick Wilson

Simon Hodge

Michael Lockett

Results and dividends

The results for the year are set out on page 12.

During the year dividends were paid amounting to £10m (2021: £10m).

Environment

As a manufacturer we comply with packaging waste regulations, which means that we aim to reduce, reuse, and recycle packaging where possible. Within the Group's offices we operate and encourage a recycling policy.

As Nelson & Russell Holdings Ltd is classified as a large unquoted company under the definitions set in section 465 and 466, chapter 15 of the Companies Act 2006, it needs to comply with the new Government legislation implemented by The Companies (Director's Report) and Limited Liability partnerships (Energy and Carbon Report) regulations 2018 on Streamlined Energy and Carbon Reporting (SECR).

To fulfil this, we have measured our UK Energy and Greenhouse gas emissions as classified within Scope 1 and 2 of SECR, which are represented in tables 1, 2 and 3. This statement excludes mandatory (business travel) and non-mandatory elements of scope 3 emissions as these are not material to our organisation's activities.

Organisational and operational boundaries of the Company

The Company operates from 2 sites in the UK:

- London
- North Wales

Environmental performance

The Company decided to adapt, for SECR reporting, a widely recognized Greenhouse Gas reporting protocol – Corporate Standard Methodology. As at 31 December 2022 the Company's energy usage and associated carbon emissions for the year, January to December 2022 were as follows:

Directors' Report (continued)**Table 1: Total Energy consumption and associated Greenhouse Gas emissions from Scope 1 and 2 for SECR year 1 reporting period**

Energy Type		Energy Use (kWh)	% Split (kWh)	Emissions (tCO ₂ e)	% Split (tCO ₂ e)
Combustion of gas	(Scope 1)	390,829	28%	70.34922	26%
Electricity	(Scope 2)	1,025,963	72%	198.4007249	74%
Total	(Scope 1&2)	1,416,792		269	

Intensity ratio

Intensity ratio compares emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organization. We have chosen to compare our overall emissions with our annual production volume (process tonnes) for the 2022 financial year.

Table 2: Intensity Ratio – Energy consumption and associated Greenhouse Gas emissions per process tonne of production

Total Energy Consumption (kWh)	Total GHG Emissions (tCO ₂ e)	Total annual production volume (Process Tonnes)	Intensity ratio (kWh/UNIT)	Intensity ratio (tCO ₂ e/Tonne)
1,416,792	269	17,095,786	0.082873758	1.57349E-05

Energy Efficiency actions

The Company is actively engaged in reducing our energy consumption and associated emissions. We are proactively minimizing our environmental impact by striving to become more energy conscious by reducing carbon emissions and committing to our energy efficiency actions.

Some of the actions we have taken include:

- Consolidated our operational footprint at our London manufacturing site, Endeavour Way, by 12,400 square feet
- Fitted energy efficient LED lighting
- Installed voltage optimization equipment
- Upgraded our sales representative cars to a lower CO₂e fleet
- Worked with Carbon Neutral Britain to calculate our carbon footprint and offset it with high quality UN approved offsets

Methodology

The methodology used for determining energy and carbon emissions originates from a number of sources of greenhouse emissions:

- Natural gas used for industrial processes (furnaces and billet heaters) and building heating (Scope 1)

Directors' Report (continued)

- Electricity used for industrial processes, lighting, heating, ventilation and air conditioning (HVAC) and the operation of office equipment (Scope 2)
- On-site transport activities used by plant and machinery as part of the production process (Scope 1)

The electricity and gas consumption uses accurate and verifiable monthly invoice data and half hourly automated meter readings.

Transport emissions were determined from the quantity of red diesel fuel used in on-site plant machinery. The kWh value was calculated using the quantity of diesel consumed in litres and a conversion factor of 10.9 kWh/litre (UK Government published conversion factor).

Emissions from the use of personal vehicles on business travel was determined to be not material as the energy consumption is less than 0.1% of the overall company energy consumption.

Greenhouse Gas emissions have been calculated using the UK Government approved and published conversion factors for company reporting 2022.

Table 3: Energy and carbon conversion factors, gas, electricity and diesel-powered mobile plant

Activity	Fuel	Unit	Year	kgCO ₂ e
Combustion of Gas	Natural Gas	kWh	2022	0.18
Grid supplied Electricity	Electricity UK	kWh	2022	0.19338

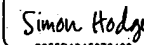
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue as auditor of the Company.

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

DocuSigned by:

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Simon Hodge

Director & CFO

Date: 13 September 2023

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing the Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A NELSON & CO LIMITED

Opinion

We have audited the financial statements of A Nelson & Co Limited ("the Company") for the year ended 31 December 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A NELSON & CO LIMITED *(continued)*

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries; and the risk that revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A NELSON & CO LIMITED (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A NELSON & CO LIMITED *(continued)*

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

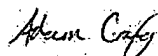
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Craig (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

EastWest
Tollhouse Hill
Nottingham
NG1 5FS

Date: 22 September 2023

Profit and Loss and Other Comprehensive Income
for year ended 31 December 2022

	<i>Note</i>	2022 £000	2021 £000
Turnover	3	48,606	45,693
Cost of sales		(8,183)	(12,679)
Gross profit		40,423	33,014
Administrative expenses		(45,129)	(40,699)
Operating Loss	4	(4,706)	(7,685)
Interest receivable and similar income	7	465	400
Interest payable and similar payable	8	(1,238)	(526)
Income from shares in group undertakings	7	17,000	5,000
Fair value gains and (losses) on foreign exchange contracts		-	(329)
Profit/(loss) before taxation		11,521	(3,140)
Tax on profit/(loss)	9	-	(489)
Profit/(Loss) for the financial year		11,521	(3,629)

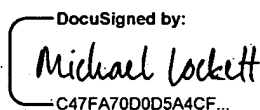
The income statement has been prepared on the basis that all operations are continuing operations.

During both the current and preceding financial years there were no gains or losses other than those recorded in the profit and loss account.

Balance Sheet
at 31 December 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	11	243	487
Tangible fixed assets	12	2,860	2,737
Investments	13	8,588	4,392
		<u>11,691</u>	<u>7,616</u>
Current assets			
Stocks	16	6,874	5,992
Debtors	17	23,611	24,908
Cash at bank and in hand		2,868	4,334
		<u>33,353</u>	<u>35,234</u>
Creditors: amounts falling due within one year	18	<u>(40,610)</u>	<u>(39,937)</u>
Net current liabilities			
		(7,257)	(4,703)
Net assets		<u>4,434</u>	<u>2,913</u>
Capital and reserves			
Called up share capital	20	75	75
Profit and loss account		4,359	2,838
Total equity		<u>4,434</u>	<u>2,913</u>

These financial statements were approved by the board of directors on 13 September 2023 and were signed on its behalf by:

DocuSigned by:

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Michael Lockett
Director & CEO

Company registered number: 0249879

Statement of Changes in Equity
at 31 December 2022

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
Balance at 1 January 2021	75	16,467	16,542
Year ended 31 December 2021:			
Loss and total comprehensive income for the year	-	(3,629)	(3,629)
Dividends	-	(10,000)	(10,000)
Balance at 31 December 2021	75	2,838	2,913
Year ended 31 December 2022			
Profit and total comprehensive income for the year	-	11,521	11,521
Dividends	-	(10,000)	(10,000)
Balance at 31 December 2022	75	4,359	4,434

Notes

(forming part of the financial statements)

1.1 Accounting policies

Company information

A Nelson & Co Limited is a private company limited by shares incorporated in England and Wales. The registered office is Nelsons House, 83, Parkside, Wimbledon, London, SW19 5LP.

1.2 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 £'000.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Nelson & Russell Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Nelson & Russell Holdings Limited are available to the public and may be obtained from Companies House. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share-based Payments; and,
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Notes (continued)**1.3 Going concern**

Notwithstanding net current liabilities of £7,257,000 as at 31 December 2022 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts in order to assess going concern which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, to meet its liabilities as they fall due during the going concern assessment period. Those forecasts are dependent on the company's ultimate parent company, Nelson & Russell Holdings Limited not seeking repayment of the amounts currently due to the group. Nelson & Russell Holdings Limited has indicated that it does not intend to seek repayment of these amounts during the going concern assessment period. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

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.

1.5 Intangible assets, goodwill and negative goodwill*Goodwill*

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

Other intangible assets

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over their estimated useful economic life. Provision is made for any impairment.

Notes (continued)**1.4 Intangible assets, goodwill and negative goodwill (continued)***Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Intangible assets: 30 years

The basis for choosing this useful life is that this is the length of the contracted Bach Centre agreement.

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 30 years.

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.16 below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings 50 years
- Leasehold buildings over the term of the lease
- Plant and equipment 8 years
- Fixtures and fittings 8 years
- Computer equipment 3 to 5 years
- Computer software 2 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which it is expected an asset's future economic benefits will be consumed.

Notes (continued)**1.7 Fixed asset investments**

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

1.8 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

1.9 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. 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.

Notes (continued)**1.10 Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the entity to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the entity; and
- where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.11 Basic financial instruments*Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)**1.12 Other financial instruments***Financial instruments not considered to be Basic financial instruments (Other financial instruments)*

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Notes (continued)**1.13 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.14 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.

1.15 Retirement benefits

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

1.16 Operating leases

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 leased asset are consumed.

Notes (continued)**1.17 Foreign exchange**

Transactions in currencies other than 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.

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical estimates

The following estimates have had the most significant effect on amounts recognised in the financial statements.

Stock provisioning

The company manufactures and sells natural healthcare products and is subject to changing consumer demands, export/import guidelines and product sell-by dates. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future raw materials.

Recoverability of trade receivables

The company makes an estimate of the recoverable value of trade and other debtors. When assessing trade and other debtors, management considers factors including the current credit rating of the debtors, the ageing profile of debtors and historical experience.

3 Turnover

	£000	£000
By geographical market		
United Kingdom	13,744	13,207
Europe	15,895	14,251
America	10,129	9,176
Rest of the World	8,838	9,059
	<u>48,606</u>	<u>45,693</u>

Notes (continued)**4 Operating loss***Operating loss for the year is stated after charging/(crediting):*

	2022	2021
	£000	£000
Exchange (gains)/losses	(578)	329
Depreciation of owned tangible fixed assets	1,065	966
Amortisation of intangible fixed assets	244	244
Cost of stocks recognised as an expense	8,183	12,679
Operating lease charges	522	526
	<u> </u>	<u> </u>
<i>Auditor's remuneration:</i>		
	£000	£000
Audit of these financial statements	55	55
Amounts receivable by the company's auditor and its associates in respect of:		
All other services	-	-
	<u> </u>	<u> </u>

5 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

Number of Employees:

	2022	2021
Production	68	58
Sales and administration	153	146
	<u> </u>	<u> </u>
	221	204
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£000	£000
Wages and salaries	12,698	13,027
Social security costs	1,423	1,385
Pension costs	652	766
	<u> </u>	<u> </u>
	14,773	15,178
	<u> </u>	<u> </u>

Notes (continued)**6 Directors' remuneration**

	2022	2021
	£000	£000
Directors' remuneration	1,436	1,495
Company contributions to defined contribution schemes	10	50
	<u><u>1,446</u></u>	<u><u>1,545</u></u>

The aggregate of remuneration and amounts receivable under long term incentive schemes of the highest paid director was £609,000 (2021: £602,000), and company pension contributions of £10,000 (2021: £50,000) were made to a defined contribution scheme on his/her behalf.

Compensation to directors in respect of loss of office amounted to £Nil (2021: £Nil).

7 Interest receivable and similar income

	2022	2021
	£000	£000
Interest income		
Interest receivable from group companies	465	400
Income from shares in group undertakings		
Income from shares in group undertakings	17,000	5,000
	<u><u>17,465</u></u>	<u><u>5,400</u></u>

8 Interest payable and similar expenses

	2022	2021
	£000	£000
Interest on bank overdrafts and loans	330	90
Interest payable to group undertakings	908	436
	<u><u>1,238</u></u>	<u><u>526</u></u>

Notes (continued)

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2022 £000	2021 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	489
	<hr/>	<hr/>
Total current tax	-	489
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Total tax	-	489
	<hr/> <hr/>	<hr/> <hr/>

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 £000	2021 £000
Profit/(loss) for the year	11,521	(3,140)
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2021: 19%)	2,189	(597)
Tax effect of expenses that are not deductible in determining taxable profit	13	10
Group relief	1,005	1,537
Fixed asset differences	23	-
Dividend income	(3,230)	(950)
Adjustment in respect of prior periods	-	489
	<hr/>	<hr/>
Total tax expense included in profit or loss	-	489
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

The UK deferred tax asset as at 31 December 2022 was calculated at 25% (2021: 25%). An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly.

Notes (continued)**10 Dividends**

	2022	2021
	£000	£000
Paid during the year	10,000	10,000

11 Intangible fixed assets

	Licences
	£000
Cost	
Balance at 1 January 2022	4,583
	<hr/>
Amortisation and impairment	
Balance at 1 January 2022	4,096
Amortisation for the year	244
	<hr/>
Balance at 31 December 2022	4,340
	<hr/>
Net book value	
At 31 December 2022	243
	<hr/>
At 31 December 2021	487
	<hr/>

Notes (continued)

12 Tangible fixed assets

	Leasehold land and buildings £000	Plant and machinery £000	Fixtures, fittings & equipment £000	Total £000
Cost				
Balance at 1 January 2022	926	4,252	8,391	13,569
Additions	213	579	396	1,188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2022	1,139	4,831	8,787	14,757
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation and impairment				
Balance at 1 January 2022	749	3,294	6,789	10,832
Depreciation charge for the year	17	236	812	1,065
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2022	766	3,530	7,601	11,897
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 31 December 2022	373	1,301	1,186	2,860
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 December 2021	177	958	1,602	2,737
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13 Fixed asset investments

	2022 £000	2021 £000
Investment in subsidiaries	4,392	4,392
Investment in associate	4,196	-
	<u> </u>	<u> </u>
	8,588	4,392
	<u> </u>	<u> </u>

During 2023 the company has purchased 49% of Famadem S.A.M.

Notes (continued)**14 Fixed asset investments (continued)**

Details of the company's subsidiaries and associate companies at 31 December 2022 are as follows:

Name of undertaking	Registered office address	Principal activity	Class of shares held	% Held Direct
Nelson Pharmacies Limited	Nelsons House, 83 Parkside, Wimbledon, London, SW19 5LP	Sale of natural healthcare products	Ordinary	100
Bach Flower Remedies Limited	As above	Licensing of trademarks	Ordinary	100
Nelson Bach (USA) Limited	21 High Street, North Andover, MA 01845	Sale of natural healthcare products	Ordinary	100
Nelsons GmbH	Heegbarg, 2 D-22391, Hamburg	Commissionaire for natural sales of medicines	Ordinary	100
Nelsons Pharmacies (Ireland) Limited	Grafton Buildings, 34 Grafton Street, Dublin 2, Republic of Ireland	Dormant	Ordinary	100
Famadem S.A.M	Nouvel'R Building, 143 Bd Rene Cassin Building B, 06200 Nice, France	Sale of natural healthcare products	Ordinary	49

15 Financial instruments

	2022 £000	2021 £000
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	-	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
-Other financial liabilities	-	30

The fair value of forward exchange contracts is based on their market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contracted forward price and the current forward price for the residual maturity of the contract, using a risk free interest rate.

Notes (continued)

16 Stocks

	2022 £000	2021 £000
Raw materials and consumables	2,012	1,951
Finished goods and goods for resale	4,862	4,041
	<u>6,874</u>	<u>5,992</u>

17 Debtors

	2022 £000	2021 £000
Trade debtors	8,153	7,981
Corporation tax recoverable	148	-
Amounts owed by group undertakings	13,131	15,591
Other debtors	756	550
Prepayments	1,423	786
	<u>23,611</u>	<u>24,908</u>

18 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	6,763	4,283
Amounts owed to group undertakings	26,598	31,248
Corporation tax payable	-	41
Taxation and social security	391	470
Derivative financial instruments (<i>note 15</i>)	-	30
Other creditors	414	670
Bank loan	5,000	-
Accruals	1,444	3,195
	<u>40,610</u>	<u>39,937</u>

The bank loan is a drawdown on the Nelson & Russell Holding Group's HSBC revolving credit facility. The loan has a variable interest rate which references the SONIA screen rate for the relevant drawdown period, this was refinanced in March 2023 and the maturity date is February 2024.

Notes (continued)**19 Retirement benefit schemes**

	2022	2021
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	652	766
	<u> </u>	<u> </u>

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.

20 Capital and reserves

	2022	2021
	£000	£000
Ordinary share capital		
Issued and fully paid		
75,000 ordinary shares of £1 each	75	75
	<u> </u>	<u> </u>

The profit or loss reserve represents the cumulative realised profits or losses net of dividends paid and other adjustments.

21 Financial commitments, guarantees and contingent liabilities

The company has given a £4,000,000 Composite Company Unlimited Multilateral Guarantee, together with Nelson & Russell Holdings Limited, Bach Flower Remedies Limited, Spatone Limited, Nelson Pharmacies Limited, Nelson Bach USA Limited and Nelsons GmbH, to HSBC Bank Plc as security for a bank loan and overdraft facility.

Nelson & Russell Holdings Limited entered into a £14,000,000 senior facilities agreement with HSBC Bank. The facility expired in February 2023 and was renewed. It is secured by way of a floating charge over all the assets of the company in favour of HSBC Bank Plc dated 6 February 2020. At 31 December 2022 the total debt amounted to £14,000,000 (2021: £8,000,000).

Notes (continued)**22 Operating lease commitments****Lessee**

At 31 December 2022 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£000	£000
Within one year	509	522
Between one and five years	2,036	2,036
In over five years	365	874
	<u>2,910</u>	<u>3,432</u>

During the year £522,000 (2021: £526,000) was recognised by the company as an expense in the profit and loss account in respect of operating leases.

23 Related party transactions

	2022	2021
	£000	£000
Sales to Juno Laboratories Pty Ltd	2,799	3,477
Balance owing from Juno Laboratories Pty Ltd	625	1,017

Garry Watts, the chairman of Nelson & Russell Holdings Limited, is a shareholder of Juno Laboratories Pty Ltd

24 Ultimate controlling party

The directors regard Nelson & Russell Holdings Limited as the ultimate parent company. The directors consider that Mr R N Wilson and Mr P R Wilson are jointly the controlling party by virtue of their interest in the issued share capital of Nelson & Russell Holdings limited. Nelson & Russell Holdings Limited is the ultimate parent company of the largest and smallest group of undertakings for which group accounts are presented, and has included the company in its group accounts; copies of which may be obtained from the Directors, Nelsons House, 83 Parkside, Wimbledon, London, SW19 5LP.