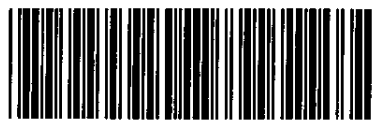

LIFE HEALTH FOODS UK LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

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LIFE HEALTH FOODS UK LTD

COMPANY INFORMATION

Directors	K A Jackson J G Judd P J Prendergast (resigned 12 July 2022) D D Woolley
Company secretary	D Joubert
Registered number	08708205
Registered office	82 St John Street London EC1M 4JN
Independent auditors	Ecovis Wingrave Yeats LLP Chartered Accountants & Statutory Auditor 3rd Floor Waverley House 7-12 Noel Street London W1F 8GQ

LIFE HEALTH FOODS UK LTD

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LIFE HEALTH FOODS UK LTD

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

The Directors present their report and the financial statements for the year ended 30 June 2022.

Directors

The Directors who served during the year were:

K A Jackson
J G Judd
P J Prendergast (resigned 12 July 2022)
D D Woolley

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

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

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

LIFE HEALTH FOODS UK LTD

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

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

On 12 July 2022 the Company transferred the trade and assets of its juice business to its subsidiary, Mockingbird Raw Press Limited. As part of this, the Company was issued £94,129 of share capital in the subsidiary and subsequently sold 75% of its total shareholding in the subsidiary with a value of £145,957 to Wingate Financial Services Pty Ltd on the same date. The Company accepted a promissory note issued by Global Health & Wellness Trustee Limited as consideration.

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board on 13 September 2022 and signed on its behalf.

DocuSigned by:
45319DAA71D7423

K A Jackson
Director

LIFE HEALTH FOODS UK LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFE HEALTH FOODS UK LTD

Opinion

We have audited the financial statements of Life Health Foods UK Ltd (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter

We draw attention to Note 3 to the financial statements which describes the judgements in applying accounting policies and key sources of estimation uncertainty, in particular the judgement regarding the interest rate applied to intercompany loan. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

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

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

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

LIFE HEALTH FOODS UK LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFE HEALTH FOODS UK LTD
(CONTINUED)**

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Group Strategic Report.

LIFE HEALTH FOODS UK LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFE HEALTH FOODS UK LTD
(CONTINUED)**

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the 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 the Directors either intend to liquidate the Group or the parent 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 Group 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:

- We determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework FRS 102 and the UK company and tax law. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to The Data Protection Act 2018, fraud, bribery and corruption. For these laws and regulations, the consequences of non compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- We assessed the susceptibility of the Company financial statements to material misstatement, including how fraud might occur, by meeting with a number of individuals. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

LIFE HEALTH FOODS UK LTD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFE HEALTH FOODS UK LTD
(CONTINUED)**

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit. The specific audit procedures performed included:
 - Review of Board minutes;
 - Conversations with management and key staff responsible for compliance and review of legal fees incurred by the Company;
 - Reviewed large and unusual bank transactions;
 - Identifying and testing journal entries.

There are inherent limitations of an audit. There is a higher risk that irregularities, including fraud, will not be detected during the audit as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. The primary responsibility for the prevention and detection of non-compliance with all laws and regulations and fraud lies with both those charged with governance of the entity and management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Stuart Hinds

Stuart Hinds (Senior Statutory Auditor)
for and on behalf of
Ecovis Wingrave Yeats LLP
Chartered Accountants & Statutory Auditor
3rd Floor Waverley House
7-12 Noel Street
London
W1F 8GQ
Date: 30 September 2022

LIFE HEALTH FOODS UK LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2022 £	2021 £
Turnover		5,340,683	4,035,912
Cost of sales		(4,758,787)	(3,383,919)
Gross profit		<u>581,896</u>	<u>651,993</u>
Retailer and marketing costs		(950,966)	(886,844)
Administrative expenses		(1,657,772)	(2,007,495)
Operating loss		<u>(2,026,842)</u>	<u>(2,242,346)</u>
Impairment of investment		-	(100,000)
Interest payable and expenses		(265,430)	(9,666)
Loss before tax		<u>(2,292,272)</u>	<u>(2,352,012)</u>
Tax on loss	5	-	217,758
Loss for the year		<u><u>(2,292,272)</u></u>	<u><u>(2,134,254)</u></u>
Loss for the year attributable to:			
Owners of the parent company		<u>2,292,272</u>	<u>2,134,254</u>
		<u><u>2,292,272</u></u>	<u><u>2,134,254</u></u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 28 form part of these financial statements.

LIFE HEALTH FOODS UK LTD
REGISTERED NUMBER: 08708205

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2022

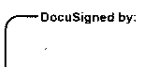
	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	7	32,963	98,889
Tangible fixed assets	9	3,301	9,428
		<u>36,264</u>	<u>108,317</u>
Current assets			
Stocks		669,195	579,642
Debtors: amounts falling due after more than one year	10	18,150	18,150
Debtors: amounts falling due within one year	10	1,448,360	1,155,660
Bank and cash balances		1,053,467	966,182
		<u>3,189,172</u>	<u>2,719,634</u>
Creditors: amounts falling due within one year	11	(1,297,876)	(973,086)
Net current assets		1,891,296	1,746,548
Creditors: amounts falling due after more than one year	12	(3,424,633)	(1,059,666)
Net assets/(liabilities)		<u>(1,497,073)</u>	<u>795,199</u>
Capital and reserves			
Called up share capital	13	26,777,875	26,777,875
Share premium account		1,342,326	1,342,326
Other reserves		(5,861,209)	(5,861,209)
Profit and loss account		(23,756,065)	(21,463,793)
		<u>(1,497,073)</u>	<u>795,199</u>

LIFE HEALTH FOODS UK LTD
REGISTERED NUMBER: 08708205

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2022

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 13 September 2022.

DocuSigned by:

45319DAA71D7423
K A Jackson
Director

The notes on pages 14 to 28 form part of these financial statements.

LIFE HEALTH FOODS UK LTD
REGISTERED NUMBER: 08708205

COMPANY BALANCE SHEET
AS AT 30 JUNE 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible fixed assets	7	32,963	98,889
Tangible fixed assets	9	3,301	9,428
		<u>36,264</u>	<u>108,317</u>
Current assets			
Stocks		669,195	579,642
Debtors: amounts falling due after more than one year	10	18,150	18,150
Debtors due within 1 year	10	1,396,294	1,155,922
Bank & cash balances		1,028,254	942,267
		<u>3,111,893</u>	<u>2,695,981</u>
Creditors: amounts falling due within one year	11	(1,247,000)	(984,620)
Net current assets		1,864,893	1,711,361
Creditors: amounts falling due after more than one year	12	(3,424,633)	(1,059,666)
Net assets/(liabilities)		(1,523,476)	760,012
Capital and reserves			
Called up share capital	13	26,777,875	26,777,875
Share premium account		1,342,326	1,342,326
Other reserves		(5,861,209)	(5,861,209)
Profit and loss account carried forward		(23,782,468)	(21,498,980)
		<u>(1,523,476)</u>	<u>760,012</u>

LIFE HEALTH FOODS UK LTD
REGISTERED NUMBER: 08708205

COMPANY BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2022

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 13 September 2022.

DocuSigned by
K A Jackson
Director

The notes on pages 14 to 28 form part of these financial statements.

LIFE HEALTH FOODS UK LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 July 2020	26,677,875	1,342,326	(5,861,209)	(19,329,539)	2,829,453	2,829,453
Comprehensive income for the year						
Loss for the year	-	-	-	(2,134,254)	(2,134,254)	(2,134,254)
Total comprehensive income for the year	-	-	-	(2,134,254)	(2,134,254)	(2,134,254)
Shares issued during the year	100,000	-	-	-	100,000	100,000
At 1 July 2021	26,777,875	1,342,326	(5,861,209)	(21,463,793)	795,199	795,199
Comprehensive income for the year						
Loss for the year	-	-	-	(2,292,272)	(2,292,272)	(2,292,272)
Total comprehensive income for the year	-	-	-	(2,292,272)	(2,292,272)	(2,292,272)
At 30 June 2022	26,777,875	1,342,326	(5,861,209)	(23,756,065)	(1,497,073)	(1,497,073)

The notes on pages 14 to 28 form part of these financial statements.

LIFE HEALTH FOODS UK LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 July 2020	26,777,875	1,342,326	(5,861,209)	(19,363,475)	2,895,517
Comprehensive income for the year					
Loss for the year	-	-	-	(2,135,505)	(2,135,505)
Total comprehensive income for the year	-	-	-	(2,135,505)	(2,135,505)
At 1 July 2021	26,777,875	1,342,326	(5,861,209)	(21,498,980)	760,012
Comprehensive income for the year					
Loss for the year	-	-	-	(2,283,488)	(2,283,488)
Total comprehensive income for the year	-	-	-	(2,283,488)	(2,283,488)
At 30 June 2022	26,777,875	1,342,326	(5,861,209)	(23,782,468)	(1,523,476)

The notes on pages 14 to 28 form part of these financial statements.

LIFE HEALTH FOODS UK LTD

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

1. Statutory information

Life Health Foods UK Ltd is a private company, limited by shares, domiciled in England and Wales, registration number 08708205. The registered office is 82 St John Street, London, EC1M 4JN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies 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 Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis notwithstanding a loss for the year of £2,292,272 (2021 - £2,134,254) and net liabilities of £1,497,073 (2021 - net assets of £795,199).

On 7 May 2021 the Group entered into a secured loan facility of £3.5m with an end date of 31 March 2024. This facility accrues interest at 12% per annum and requires no capital or interest payments to be made until maturity. As of 30 June 2022, £3.15m (2021 - £1.05m) has been drawn down and interest of £264,967 (2021 - £9,666) has been accrued, these have both been included within creditors due in more than one year. On 12 July 2022 the Group was issued with a promissory note from Global Health & Wellness Trustee Limited entitling it to draw down up to £2.5m on demand.

LIFE HEALTH FOODS UK LTD

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

2. Accounting policies (continued)**2.4 Revenue**

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

Sale of goods

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

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

2.5 Intangible assets**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

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

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

The estimated useful lives range as follows:

Goodwill	-	3	years
Intellectual property	-	3	years

LIFE HEALTH FOODS UK LTD

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

2. Accounting policies (continued)

2.6 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Plant & machinery	- 20% per annum, straight line basis
Computer equipment	- 33% per annum, straight line basis

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 profit or loss.

2.7 Taxation

Tax is recognised in profit or loss 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

LIFE HEALTH FOODS UK LTD

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

2. Accounting policies (continued)

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

LIFE HEALTH FOODS UK LTD

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

2. Accounting policies (continued)

2.11 Financial instruments

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

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.12 Exceptional items

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

LIFE HEALTH FOODS UK LTD

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

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

In preparing these financial statements, the directors have had to make the following judgements:

Recognition of intellectual property and goodwill

The recognition of intangible fixed assets involve the use of judgements with respect to whether the costs meet the required criteria for capitalisation. This involves assessing whether the intellectual property acquired as part of the trade and asset purchase of the Savsé brand from Veg & City Drinks Limited meets the requirements for separate recognition to the goodwill.

Amortisation of intangibles

The annual amortisation charge is sensitive to changes in the estimated useful economic life of the intangibles acquired. The useful economic life is re-assessed annually and is amended when necessary to reflect the current estimate by the directors of the remaining life of the intangibles recognised.

Stock provision

It is necessary to consider the recoverability of the cost of inventory and whether the valuation is appropriate. The stock figure is reviewed annually and a provision included in the closing value of stock if required. When calculating the stock provision, management considers the nature and condition of stock, as well as applying assumptions around anticipated saleability of finished goods.

Bad debt provision

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

Deferred tax

Management are required to assess whether it is appropriate to recognise a deferred tax asset relating to taxable losses available to the Group. In making this assessment, management takes into consideration the likelihood of future taxable profits being available to utilise against taxable losses. Management have concluded that it is uncertain when and whether the Company will make suitable taxable profits to utilise against the tax losses in the foreseeable future.

Interest rate applied to intercompany loan facility

The Group has a secured intercompany loan facility which is due for repayment on 31 March 2024. The interest currently being accrued on this loan facility is 12% per annum, see note 11 for further details. The accounting standards stipulate that the loan should be recorded on initial recognition at the present value of the future payments discounted at a market rate of interest for a similar instrument, adjusted for transaction costs. The directors have considered this and there are a number of factors which would impact the Group's ability to obtain a similar debt instrument, including but not limited to the following: the Group is loss making and has been since incorporation and the Group has been in operation for a short period of time and is still considered to be in its growth phase. As a result of the factors mentioned, the directors believe that it is unlikely that a third party would issue the Group with a comparable debt instrument. Consequently, the directors are unable to determine what an appropriate market rate of interest would be on a similar loan. Whilst the funding has been structured as a debt instrument, in practice, the funding is more akin to equity funding than debt funding. These circumstances are not envisaged in the accounting standards and no technical guidance has been issued to cover such a scenario. Given the lack of clarity on how to account for the aforementioned funding, the directors have recorded the funds advanced as a loan and made no market rate adjustment to the interest rate applied at 12% per annum.

LIFE HEALTH FOODS UK LTD

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

4. Employees

The average monthly number of employees, excluding the Directors, during the year was as follows:

	2022	2021
	No.	No.
Employees	<u>12</u>	<u>11</u>

5. Taxation

The Company has estimated tax losses of £22,142,878 (2021 - £19,924,556) to be carried forward to utilise against future trading profits.

A deferred tax asset of £5,537,383 (2021 - £4,964,258) has not been recognised in these financial statements on the basis of uncertainty over the timing and availability of future taxable profits of the Company.

6. Auditors' remuneration

	2022	2021
	£	£
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>18,000</u>	<u>16,500</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>10,350</u>	<u>5,950</u>
	<u>10,350</u>	<u>5,950</u>

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

7. Intangible assets

Group

	Intellectual property £	Goodwill £	Total £
Cost			
At 1 July 2021	38,500	159,278	197,778
At 30 June 2022	<u>38,500</u>	<u>159,278</u>	<u>197,778</u>
Amortisation			
At 1 July 2021	19,251	79,638	98,889
Charge for the year on owned assets	12,834	53,092	65,926
At 30 June 2022	<u>32,085</u>	<u>132,730</u>	<u>164,815</u>
Net book value			
At 30 June 2022	<u>6,415</u>	<u>26,548</u>	<u>32,963</u>
At 30 June 2021	<u>19,249</u>	<u>79,640</u>	<u>98,889</u>

On 7 November 2019 the Group acquired the trade and assets of the Savsé brand from Veg & City Drinks Limited for £197,778.

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

7. Intangible assets (continued)

Company

	Trademarks	Goodwill	Total
	£	£	£
Cost			
At 1 July 2021	38,500	159,278	197,778
At 30 June 2022	<u>38,500</u>	<u>159,278</u>	<u>197,778</u>
Amortisation			
At 1 July 2021	19,251	79,638	98,889
Charge for the year	12,834	53,092	65,926
At 30 June 2022	<u>32,085</u>	<u>132,730</u>	<u>164,815</u>
Net book value			
At 30 June 2022	<u>6,415</u>	<u>26,548</u>	<u>32,963</u>
At 30 June 2021	<u>19,249</u>	<u>79,640</u>	<u>98,889</u>

8. Fixed asset investments

Subsidiary undertaking

The Company owns 100% of the ordinary share capital in Mockingbird Raw Press Limited (formerly Nosh Beverages Limited), registration number 08734586. The registered office is 82 St John Street, London, EC1M 4JN.

Mockingbird Raw Press Limited represents a direct investment. Management took the decision in the prior year to fully impair the investment, due to the Company's ongoing performance.

The Company has provided a parent guarantee under section 479A of the Companies Act 2006 for Mockingbird Raw Press Limited. Therefore, Mockingbird Raw Press Limited is exempt from the requirements of the Companies Act 2006 relating to the audit of its own individual accounts.

LIFE HEALTH FOODS UK LTD

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

9. Tangible fixed assets

Group

	Plant & machinery £	Office and computer equipment £	Total £
Cost or valuation			
At 1 July 2021	958	17,507	18,465
Additions	-	1,279	1,279
At 30 June 2022	<u>958</u>	<u>18,786</u>	<u>19,744</u>
Depreciation			
At 1 July 2021	505	8,532	9,037
Charge for the year on owned assets	319	7,087	7,406
At 30 June 2022	<u>824</u>	<u>15,619</u>	<u>16,443</u>
Net book value			
At 30 June 2022	<u>134</u>	<u>3,167</u>	<u>3,301</u>
<i>At 30 June 2021</i>	<u>453</u>	<u>8,975</u>	<u>9,428</u>

LIFE HEALTH FOODS UK LTD

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

9. Tangible fixed assets (continued)

Company

	Plant & machinery £	Computer equipment £	Total £
Cost or valuation			
At 1 July 2021	958	17,507	18,465
Additions	-	1,279	1,279
At 30 June 2022	<u>958</u>	<u>18,786</u>	<u>19,744</u>
Depreciation			
At 1 July 2021	505	8,532	9,037
Charge for the year on owned assets	319	7,087	7,406
At 30 June 2022	<u>824</u>	<u>15,619</u>	<u>16,443</u>
Net book value			
At 30 June 2022	<u>134</u>	<u>3,167</u>	<u>3,301</u>
At 30 June 2021	<u>453</u>	<u>8,975</u>	<u>9,428</u>

LIFE HEALTH FOODS UK LTD

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

10. Debtors

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Due after more than one year				
Other debtors	18,150	<i>18,150</i>	18,150	<i>18,150</i>
	18,150	<i>18,150</i>	18,150	<i>18,150</i>
	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Due within one year				
Trade debtors	894,111	<i>614,276</i>	871,000	<i>615,655</i>
Amounts owed by group undertakings	-	<i>1,117</i>	21,338	<i>-</i>
Other debtors	53,284	<i>74,835</i>	44,640	<i>74,835</i>
Prepayments & accrued income	500,965	<i>247,674</i>	459,316	<i>247,674</i>
Tax recoverable	-	<i>217,758</i>	-	<i>217,758</i>
	1,448,360	<i>1,155,660</i>	1,396,294	<i>1,155,922</i>

11. Creditors: Amounts falling due within one year

	Group 2022 £	<i>Group 2021 £</i>	Company 2022 £	<i>Company 2021 £</i>
Trade creditors	753,382	<i>409,284</i>	708,361	<i>408,325</i>
Amounts owed to group companies	-	<i>-</i>	17,260	<i>17,260</i>
Other taxation and social security	176,099	<i>34,097</i>	176,099	<i>33,630</i>
Other creditors	98,842	<i>-</i>	98,842	<i>-</i>
Accruals and deferred income	269,553	<i>529,705</i>	246,438	<i>525,405</i>
	1,297,876	<i>973,086</i>	1,247,000	<i>984,620</i>