

Registration number: 09936357

The Cheeky Panda Limited

Annual Report and Consolidated Financial Statements

for the Period from 1 July 2020 to 31 December 2021



Morris & Young, Statutory Auditor
Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

The Cheeky Panda Limited

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The Cheeky Panda Limited

Company Information

Directors	Christopher Allen Forbes
	Jingyan Chen
	Clive Joseph Hawkins
	Andrew Stephen Alan Garden
	Giles Thomas Turner Brook
	Sophie More
Company secretary	Faiz Rahman
Registered office	Ground Floor
	10 Lower Thames Street
	LONDON
	EC3R 6EN
Auditors	Morris & Young, Statutory Auditor
	Chartered Accountants
	6 Atholl Crescent
	PERTH
	PH1 5JN

The Cheeky Panda Limited

Strategic Report for the period from 1 July 2020 to 31 December 2021

The directors present their strategic report for the period from 1 July 2020 to 31 December 2021.

Principal activity

The principal activity of the group is the provision of household and sanitary products.

Fair review of the business

The Cheeky Panda's takes the world's fastest growing plant and makes it into luxury bamboo tissue products. This award winning UK top 100 start-up has captured consumers' imagination with high quality household products and several thousand 5* consumer reviews. The group's products are stocked in UK retailers such as Ocado, Booths, Milk & More, Oxfam, Morrisons, WHSmith, Boots and the brand is Amazon's choice. In 2020 The Cheeky Panda became a B Corp and started to track and measure its ESG impact.

The UK financial year 2021 covers a 18 month period so as to bring this in alignment with the group's subsidiaries. The group grew sales from £5,183,421 to £11,225,972 and headcount increased from 20 to 32. Gross profit decreased from 54% to 24% based on extraordinary shipping costs rising from \$2,500 a container to \$18,000. The group recorded a loss of £3,367,479 (2020: profit of £109,801) from a mixture of increased advertising spend, new market entry costs, increased inventory, headcount and supply chain.

Growth in America and in particular Amazon USA has been strong going from \$4,200 a month in Jan 2021 to \$96k by December 2021. The group also opened up an Irish office as its easier to have all EU group reporting and management in English. Nappies sales have underperformed but there was not a big marketing push on them as their RRP is expensive however straws performed exceptionally well in the market because they outperformed all the competitors' products in strength and endurance.

The group took the long term view that maintaining its current growth rates was more important than EBITDA and that the group should remain in private hands until it grows revenue to £50m turnover where we can expect to see positive EBITDA. It was agreed that the focus on the next 2 years should be growth and that a private placement is the preferred route for the business for the summer of 2022 to ensure the group has the growth capital to meet its ambitions.

Principal risks and uncertainties

Supply Chain costs in particular shipping partially created by the pandemic has proved challenging to the companies margins. Inflation based price increases have been discussed with all clients to improve gross margin. Inventory management remains challenging with unforeseen panic buying and as a result the group has increased its stock holdings on all lines from 6 weeks to 12 weeks.

The group has been able to maintain high month on month rates of sales growth despite the pandemic and the omni channel strategy looks correct particularly as shops have opened back up and people return to the grocers to buy products instead of D2C and Ecommerce only.

Sales to office supply companies have been lower than expected due to people working from home but we have taken on a large number of new clients in this space so when offices go back to full capacity and venues we will see a large upside in sales in this channel.

The Cheeky Panda Limited

Strategic Report for the period from 1 July 2020 to 31 December 2021

Section 172(1) statement

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172 and forms the Directors' statement required under section 414CZA, of the Companies Act 2006.

The success of the business is dependent on the interactions of the business with its stakeholders, building positive relationships and working together towards shared goals which helps us achieve long-term sustainable success.

Shareholders

As owners of the group, we rely on the long term support of our shareholders for our continued success. We grew our Seedrs community to ~4000 shareholders in 2021 from ~2000 in 2020 and we keep them informed with the updates about the group via monthly newsletters and answer any queries raised via the message board. We undertook one round of funding via Seedrs and issued a total of 77,822 shares in September 2021.

Customers

Customers are centric to the decision making of the organisation which is the reason why we have moved the majority of our product packaging to the plastic free range, in constant conversations with clients and customers regarding potential new products, and keep contributing to the World Land Trust to offset the carbon generated via the supply chain.

Employees

Our people are key to our success and we want them to achieve success individually and as a team. We have an open and fun culture at the workplace, with virtual face-to-face briefings due to Covid (in person where possible) and key areas of focus including health and well-being, development opportunities and pay & benefits via the staff options scheme to retain and attract the talent that we have. In addition to this, we have implemented a KPI grading structure and career progression plan for the employees for their growth.

Future Developments

The group is looking at the possibility of an IPO in 2024/2025 when it seeks to get to £50m turnover. FMCG growth expert and ex EMEA CEO of Vita Coco Giles Brook joined the board in September 2021.

Research and development

Netstock was implemented to provide more accurate demand planning and cashflow forecasting is also being implemented. The group now uses API interfaces between warehousing and clients orders to automate a lot of the back office.

The ecommerce website was re-platformed onto Shopify which means we can run multiple sites. We have also hired in growth experts and consultants to build this channel.

New products such as paper packed toilet tissue and kitchen towels were introduced and sales have been strong. The group will be making an R&D claim in 2022 for the last 2 years of R&D projects across systems and products.

The Cheeky Panda Limited

Strategic Report for the period from 1 July 2020 to 31 December 2021


Financial Instruments

The group has a normal level of exposure to foreign exchange, credit, liquidity and cash flow interest rate risk that arise from trading activities which are conducted mainly in Sterling. There is some exposure to interest rate risk through the use of borrowings with variable rates, but these are over relatively short periods and the directors consider the level of risk to be acceptable.

The group purchases 6 months of forward FX rates to short and mid-term fluctuations in currency and buys pulp 3 months in advance to reduce exposure to pulp prices changes.

We renewed our £2m trade finance facility with HSBC and our invoice finance facility with a facility limit of £3m giving us a total £5m of working capital to continue our growth.

Approved by the Board on 27 April 2022 and signed on its behalf by:


.....
Christopher Allen Forbes
Director

The Cheeky Panda Limited

Directors' Report for the Period from 1 July 2020 to 31 December 2021

The directors present their report and the for the period from 1 July 2020 to 31 December 2021.

Directors of the group

The directors who held office during the period were as follows:

Christopher Allen Forbes

Jingyan Chen

Clive Joseph Hawkins

Andrew Stephen Alan Garden

Kieren James McCormack (resigned 1 September 2021)

Giles Thomas Turner Brook (appointed 7 September 2021)

Sophie More (appointed 23 September 2021)

Dividends

The directors do not recommend the payment of a dividend.

Share capital

During the period 73,189 Ordinary shares of £0.00001 were issued at £50.00 per share to raise investment. The fair value of each share was equal to the issue price of £50.00 and was paid in cash.

4,633 Ordinary shares of £0.00001 were also issued during the period at £14.82 per share in exchange for services provided by the Non-Executive Chairman. The fair value of each share was equal to £14.82.

Corporate governance

We have implemented end of month locked accounts and the governance and controls across finance and operations is more systematic. Adding 2 new FMCG growth experts onto the board has strengthened the experience and a new layer of senior management including a CFO, COO, Head of Sales and Director of marketing will be hired in 2022 to be able to help the group achieve a £50m turnover within the next few years.

Board meetings continue to be held on a monthly basis with board packs presented every month and minutes kept under group records.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

The Cheeky Panda Limited

Directors' Report for the Period from 1 July 2020 to 31 December 2021

Reappointment of auditors

Morris & Young Chartered Accountants will be deemed to continue in office under the Companies Act 2006, s. 487(2).

Approved by the Board on 27 April 2022 and signed on its behalf by:



.....
Christopher Allen Forbes
Director

The Cheeky Panda Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) and The Companies Act 2006. 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 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 and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

Opinion

We have audited the financial statements of The Cheeky Panda Limited (the 'parent company') for the period from 1 July 2020 to 31 December 2021, which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards, including International Financial Reporting Standards (IFRS) and the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2021 and of the group's loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

Recognition of deferred tax assets

The Key audit matter

The group has recognised deferred tax assets for deductible temporary differences and unused tax losses that it believes are recoverable.

The recoverability of recognised deferred tax assets is part dependent on the group's ability to generate future taxable profit's sufficient to utilise deductible temporary differences and tax losses (before the latter expire).

We have determined this to be a key audit matter, due to inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.

We have concluded that the deferred tax asset has been recognised correctly.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- reconciling tax losses and expiry dates to tax statements;
- assessing the accuracy of forecast future taxable profits by evaluating historical forecasting accuracy and comparing the assumptions with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans and forecasts used for impairment testing purposes; and
- evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Management override of control

The Key audit matter

The group is a growing group where the management have high levels of day-to-day involvement, and there is a risk as to non-compliance with systems, processes and controls.

How the matter was addressed in our audit

Our work on management override included:

- journal entries were reviewed during the audit;
- accounting estimates were reviewed and reasonableness considered given our knowledge of the business;
- transactions were reviewed to ascertain whether any fell outwith normal activities;
- a sample of controls were tested for effectiveness.

We have concluded that there is no evidence of management override being present within the financial systems for the year.

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

Revenue recognition

The Key audit matter

The group derives its revenue from sales of manufactured product. It is important that the revenue is recognised in line with the group's own revenue recognition policy, IFRS's, and with appropriate cut off between accounting periods.

How the matter was addressed in our audit

Our work on testing revenue recognition included:

- substantive testing of revenue for both overstatement and understatement;
- sales cut-off testing;
- sales credit note testing;
- reviewing invoice discounting balances.

We considered the revenue recognition policy and IFRS to be complied with in this regard. We further concluded that the related disclosures are appropriate.

Going concern

The Key audit matter

The future forecasts for the group are reliant on future funding from external sources supporting the growth plan.

How the matter was addressed in our audit

Our work in this area included:

- challenge of management's assumptions relating to future forecasts;
- affirming the plans for external funding were progressing as intended;
- verifying external funding had been received as budgeted in April 2022;
- assessing management's 'Plan B' in the event of the funds not materialising.

Current trading and investment receipts in the period post year-end indicates that the forecasts are appropriate. The disclosures made relating to going concern in the accounting policies are considered appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

Opinion on other matter 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 Strategic Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Strategic Report and the Directors' Report.

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], 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.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry, control environment and understanding of the group including, but not restricted to, the prevalence of fraud in the sector especially in the current uncertain economic environment;
- results of our enquiries of directors about their own identification and assessment of the risks of irregularities;

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities that may exist within the organisation for fraud and identified the greatest potential for fraud in relation to revenue recognition and overstatement of expenditure. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies Act 2006 and UK tax legislation.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of directors concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or noncompliance with laws and regulations throughout the audit.

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

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

The Cheeky Panda Limited

Independent Auditor's Report to the Members of The Cheeky Panda Limited

Use of our report

This report is made solely to the group and parent 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 group and parent 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 group and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Alexander Fyfe, M.A.A.T., C.A., DChA (Senior Statutory Auditor)
For and on behalf of Morris & Young, Statutory Auditor,

Chartered Accountants
6 Atholl Crescent
PERTH
PH1 5JN

4 May 2022

The Cheeky Panda Limited

Consolidated Statement of Profit or Loss for the Period from 1 July 2020 to 31 December 2021

		Period ended 31 December 2021	(As restated) Year ended 30 June 2020
	Note	£	£
Revenue	4	11,225,972	5,183,421
Cost of sales		<u>(8,511,613)</u>	<u>(2,357,334)</u>
Gross profit		2,714,359	2,826,087
Distribution costs		(2,226,370)	(861,900)
Administrative expenses		(4,495,599)	(1,865,138)
Other operating income	5	<u>91,692</u>	<u>34,222</u>
Operating (loss)/profit	6	<u>(3,915,918)</u>	<u>133,271</u>
Other interest receivable and similar income	8	365	926
Interest payable and similar expenses	9	<u>(137,793)</u>	<u>785</u>
		<u>(137,428)</u>	<u>1,711</u>
(Loss)/profit before tax		(4,053,346)	134,982
Tax on (loss)/profit	13	<u>685,867</u>	<u>(25,181)</u>
(Loss)/profit for the financial period		<u>(3,367,479)</u>	<u>109,801</u>
(Loss)/profit attributable to:			
Owners of the company		<u>(3,367,479)</u>	<u>109,801</u>

The operating (loss)/profit for each period arises from the group's continuing operations. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of profit or loss in these financial statements.

Details of the restatement of comparative financial information are disclosed in Note 2.

The Cheeky Panda Limited

Consolidated Statement of Comprehensive Income for the Period from 1 July 2020 to 31 December 2021

	Period ended 31 December 2021 £	(As restated) Year ended 30 June 2020 £
(Loss)/profit for the period	<u>(3,367,479)</u>	<u>109,801</u>
Total comprehensive income for the period	<u><u>(3,367,479)</u></u>	<u><u>109,801</u></u>
Total comprehensive income attributable to:		
Owners of the company	<u><u>(3,367,479)</u></u>	<u><u>109,801</u></u>

The operating (loss)/profit for each period arises from the group's continuing operations. The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements.

Details of the restatement of comparative financial information are disclosed in Note 2.

The Cheeky Panda Limited

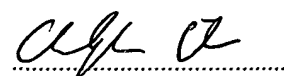
(Registration number: 09936357)

Consolidated Statement of Financial Position as at 31 December 2021

		Period ended 31 December 2021 £	(As restated) Year ended 30 June 2020 £
	Note		
Assets			
Intangible assets	14	1,454	1,694
Tangible assets	15	175,970	257,976
Deferred tax assets		844,313	158,446
Total non-current assets		<u>1,021,737</u>	<u>418,116</u>
Inventories	19	4,338,217	2,518,800
Trade and other receivables	20	2,796,067	2,162,906
Cash and cash equivalents		2,937,864	2,389,576
Total current assets		<u>10,072,148</u>	<u>7,071,282</u>
Total assets		<u><u>11,093,885</u></u>	<u><u>7,489,398</u></u>
Equity and liabilities			
Share capital	21	16	15
Share premium	22	9,623,671	5,895,561
Retained earnings	22	(4,012,138)	(644,659)
Total equity		<u>5,611,549</u>	<u>5,250,917</u>
Lease liabilities	22	82,167	169,167
Total non-current liabilities		<u>82,167</u>	<u>169,167</u>
Loans and borrowings	21	2,392,829	1,185,058
Trade and other payables	22	2,949,340	826,256
Lease liabilities	22	58,000	58,000
Total current liabilities		<u>5,400,169</u>	<u>2,069,314</u>
Total equity and liabilities		<u><u>11,093,885</u></u>	<u><u>7,489,398</u></u>

Details of the restatement of comparative financial information are disclosed in Note 2.

Approved and authorised by the Board on 27 April 2022 and signed on its behalf by:



Christopher Allen Forbes
Director

The notes on pages 22 to 46 form an integral part of these financial statements.

The Cheeky Panda Limited

(Registration number: 09936357)

Statement of Financial Position as at 31 December 2021

		Period ended 31 December 2021	(As restated) Year ended 30 June 2020
	Note	£	£
Assets			
Intangible assets	14	1,454	1,694
Tangible assets	15	175,970	257,976
Investments	16	434,481	426,916
Deferred tax assets		844,313	158,446
Total non-current assets		<u>1,456,218</u>	<u>845,032</u>
Inventories	19	4,113,178	2,640,206
Trade and other receivables	20	2,959,948	2,092,620
Cash and cash equivalents		2,131,062	2,361,103
Total current assets		<u>9,204,188</u>	<u>7,093,929</u>
Total assets		<u><u>10,660,406</u></u>	<u><u>7,938,961</u></u>
Equity and liabilities			
Share capital	21	16	15
Share premium		9,623,671	5,895,561
Retained earnings		(3,705,911)	(614,713)
Total equity		<u>5,917,776</u>	<u>5,280,863</u>
Lease liabilities	21	82,167	169,167
Total non-current liabilities		<u>82,167</u>	<u>169,167</u>
Loans and borrowings	21	2,392,829	1,185,058
Trade and other payables		2,209,634	1,245,873
Lease liabilities		58,000	58,000
Total current liabilities		<u>4,660,463</u>	<u>2,488,931</u>
Total equity and liabilities		<u><u>10,660,406</u></u>	<u><u>7,938,961</u></u>

The company made a loss after tax for the financial period of £3,091,198 (2020 - profit of £100,578).

Approved and authorised by the Board on 27 April 2022 and signed on its behalf by:



Christopher Allen Forbes
Director

The notes on pages 22 to 46 form an integral part of these financial statements.

The Cheeky Panda Limited

Consolidated Statement of Changes in Equity for the Period from 1 July 2020 to 31 December 2021
Equity attributable to the parent company

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2020	15	5,895,561	(644,659)	5,250,917
Loss for the period	-	-	(3,367,479)	(3,367,479)
Total comprehensive income	-	-	(3,367,479)	(3,367,479)
New share capital subscribed	1	3,728,110	-	3,728,111
At 31 December 2021	16	9,623,671	(4,012,138)	5,611,549

	Share capital £	Share premium £	Profit and loss account £	(As restated) Total £
At 1 July 2019	14	3,091,356	(754,460)	2,336,910
Profit for the period	-	-	109,801	109,801
Total comprehensive income	-	-	109,801	109,801
New share capital subscribed	1	2,804,205	-	2,804,206
At 30 June 2020	15	5,895,561	(644,659)	5,250,917

Details of the restatement of comparative financial information are disclosed in Note 2.

The Cheeky Panda Limited

Statement of Changes in Equity for the Period from 1 July 2020 to 31 December 2021

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 July 2020	15	5,895,561	(614,713)	5,280,863
Loss for the period	-	-	(3,091,198)	(3,091,198)
Total comprehensive income	-	-	(3,091,198)	(3,091,198)
New share capital subscribed	1	3,728,110	-	3,728,111
At 31 December 2021	16	9,623,671	(3,705,911)	5,917,776

	Share capital £	Share premium £	Profit and loss account £	(As restated) Total £
At 1 July 2019	14	3,091,356	(715,291)	2,376,079
Profit for the period	-	-	100,578	100,578
Total comprehensive income	-	-	100,578	100,578
New share capital subscribed	1	2,804,205	-	2,804,206
At 30 June 2020	15	5,895,561	(614,713)	5,280,863

Details of the restatement of comparative financial information are disclosed in Note 2.

The Cheeky Panda Limited

Consolidated Statement of Cash Flows for the Period from 1 July 2020 to 31 December 2021

		Period ended 31 December 2021 £	(As restated) Year ended 30 June 2020 £
	Note		
Cash flows from operating activities			
(Loss)/profit for the period		(3,367,479)	109,801
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	99,783	50,890
Finance income	8	(365)	(926)
Finance costs	9	147,967	12,500
Income tax expense	13	(685,867)	25,181
		(3,805,961)	197,446
Working capital adjustments			
Increase in inventories	19	(1,819,417)	(1,968,344)
Increase in trade receivables	20	(1,455,880)	(1,043,283)
Increase in trade payables	24	2,945,803	520,479
Net cash flow from operating activities		(4,135,455)	(2,293,702)
Cash flows from investing activities			
Interest received		365	926
Acquisitions of tangible assets		(17,537)	(16,477)
Net cash flows from investing activities		(17,172)	(15,551)
Cash flows from financing activities			
Interest paid	9	(147,967)	(12,500)
Proceeds from issue of ordinary shares, net of issue costs		3,728,111	2,804,206
Repayment of lease liabilities		(87,000)	(43,500)
Repayment of other borrowing		-	(100,498)
Net cash flows from financing activities		3,493,144	2,647,708
Net (decrease)/increase in cash and cash equivalents		(659,483)	338,455
Cash and cash equivalents at 1 July		1,204,518	866,063
Cash and cash equivalents at 31 December		545,035	1,204,518

The notes on pages 22 to 46 form an integral part of these financial statements.

The Cheeky Panda Limited

Statement of Cash Flows for the Period from 1 July 2020 to 31 December 2021

		Period ended 31 December 2021 £	(As restated) Year ended 30 June 2020 £
	Note		
Cash flows from operating activities			
(Loss)/profit for the period		(3,091,198)	100,578
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	99,783	50,890
Finance income		-	(907)
Finance costs		147,967	12,500
Income tax expense	13	<u>(685,867)</u>	<u>25,181</u>
		(3,529,315)	188,242
Working capital adjustments			
Increase in inventories	19	(1,472,972)	(2,117,735)
Increase in trade receivables	20	(660,776)	(1,177,239)
Increase in trade payables	24	<u>757,209</u>	<u>1,211,349</u>
Net cash flow from operating activities		<u>(4,905,854)</u>	<u>(1,895,383)</u>
Cash flows from investing activities			
Interest received		-	907
Acquisition of subsidiaries	16	(8,914)	(419,865)
Effect of exchange rate fluctuations on investments held		1,349	(3,464)
Acquisitions of tangible assets		<u>(17,537)</u>	<u>(16,477)</u>
Net cash flows from investing activities		<u>(25,102)</u>	<u>(438,899)</u>
Cash flows from financing activities			
Interest paid		(147,967)	(12,500)
Proceeds from issue of ordinary shares, net of issue costs		3,728,111	2,804,206
Repayment of lease liabilities		(87,000)	(43,500)
Repayment of other borrowing		<u>-</u>	<u>(100,498)</u>
Net cash flows from financing activities		<u>3,493,144</u>	<u>2,647,708</u>
Net (decrease)/increase in cash and cash equivalents		(1,437,812)	313,426
Cash and cash equivalents at 1 July		<u>1,176,045</u>	<u>862,619</u>
Cash and cash equivalents at 31 December		<u><u>(261,767)</u></u>	<u><u>1,176,045</u></u>

The notes on pages 22 to 46 form an integral part of these financial statements.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Ground Floor
10 Lower Thames Street
LONDON
EC3R 6EN

These financial statements were authorised for issue by the Board on 27 April 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with International Financial Reporting Standards as adopted in the European Union and those parts of the Companies Act 2006 that are applicable.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are presented in sterling (£) which is the functional currency of the parent company and rounded to the nearest £1.

Restatement of comparative information

Company

The financial statements for the prior year were prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

The comparative information has been restated as if the financial statements for the prior year had been prepared under International Financial Reporting Standards. Further details of this restatement are at Note 32.

Group

These financial statements are the first consolidated financial statements prepared by The Cheeky Panda Limited due to the restatement under IFRS. The comparatives have therefore been restated as if they had been consolidated.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings (together referred to as the 'Group') drawn up to 31 December 2021.

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

The results of subsidiaries acquired or disposed of during the year are included in the Statement of Profit or Loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The financial statements have been prepared on a going concern basis.

The directors have recently completed a fundraising round, and are at the advanced stages of a further round of fundraising. Budgets are based on securing that funding, however management do have an alternative operational plan and budget in the event that a further round of funding is not secured.

Between Brexit, Covid and now the conflict in Ukraine, the group has encountered a number of operational challenges in recent years, but operational resilience has been strong, and supply chains remain intact.

Due to all of the foregoing, the directors consider the going concern basis to be appropriate for the preparation of the financial statements.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Changes in circumstances

Extension of year-end

The Cheeky Panda Limited extended its year-end by 6 months from 30 June 2021 to 31 December 2021, to align the year-end with its subsidiary undertakings.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The group recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the group's activities.

There are no contracts whose performance obligations are satisfied over time. Contracts with customers do not contain a financing component nor any element of variable consideration. The group does not offer an option to purchase a warranty.

Other grants

The group recognises grants based on the performance model accounting. The grant is recognised within income upon satisfaction of the performance-related conditions attached to the grant.

If a grant does not impose specified future performance-related conditions, the income is recognised in full when the grant proceeds are received or receivable.

Finance income and costs policy

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Foreign currency transactions and balances

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transition. Exchange differences are taken into account in arriving at the operating result. All differences are recognised in profit or loss.

Tax

The tax expense for the period comprises deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Tangible assets

All tangible assets of the company are carried under the cost model.

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture and fittings	20% reducing balance
Office equipment	25% reducing balance

Intangible assets

Separately acquired trademarks and licences are carried under the cost model.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses (cost model).

Research and development

All research costs are expensed. Costs related to the development of products are capitalised when they meet the following conditions:

- (i) it is technically feasible to complete the development so that the product will be available for use or sale.
- (ii) it is intended to use or sell the product being developed.
- (iii) the company is able to use or sell the product being developed.
- (iv) it can be demonstrated that the product will generate probable future economic benefits.
- (v) adequate technical, financial and other resources exist so that product development can be completed and the product subsequently used or sold.
- (vi) expenditure attributable to the development can be reliably measured.

All other development expenditure is recognised as an expense in the period in which it is incurred.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks	10% straight line

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Impairment

At each reporting date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that they are impaired. 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 the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Any impairment loss is recognised as an expense within profit or loss immediately.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been previously recognised for that asset. A reversal of an impairment loss is recognised as a gain within profit or loss immediately.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits.

Bank overdrafts are disclosed separately. For the purpose of the cash flow statement, bank overdrafts form an integral part of the company's cash management and are included as a component of cash and cash equivalents.

Trade and other receivables

Trade and other receivables where payment is due within one year do not constitute a financing transaction and are recorded at the undiscounted amount expected to be received, less attributable transaction costs. Any subsequent impairment is recognised as an expense in profit or loss.

If payment is due after more than one year or if there is any other indication of a financing transaction, trade and other receivables are recorded initially at fair value less attributable transaction costs. In this situation, fair value is equal to the amount expected to be received, discounted at a market-related interest rate.

All trade and other receivables are subsequently measured at amortised cost, net of impairment.

The company writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on the estimated selling price less any estimated completion and selling costs.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period in which the write-down or loss occurs.

The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Trade and other payables

Trade and other payables are initially recognised at fair value less attributable transaction costs. They are subsequently measured at amortised cost.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. They are subsequently measured at amortised cost. Any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Leases

At inception of the contract, the company assesses whether a contract is, or contains a lease. It recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which is the lessee. The right-of-use assets and the lease liabilities are presented as separate line items in the statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are classified as current employee benefit obligations in the statement of financial position.

Liabilities for defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Derivative Financial instruments

The company uses foreign currency contracts to reduce its exposure to risks from foreign exchange movements. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of derivatives are recognised in profit or loss, within finance costs.

Related parties

For the purposes of these financial statements, a related party could be a person or an entity. Careful consideration is given to the definition of a related party to ensure that all related party relationships, transactions and balances are identified.

3 Critical accounting judgements and key sources of estimation uncertainty

Valuation of derivatives

As described in Note 2, the group uses foreign currency contracts to manage its exposure to exchange rate fluctuations. As such they are a source of estimation uncertainty with a potentially significant impact.

In applying the group's accounting policies, which are described in Note 2, management is required to make judgements that have a significant impact.

4 Revenue

The analysis of the group's revenue for the period from continuing operations is as follows:

	2021	2020
	£	£
Revenue from contracts	<u>11,225,972</u>	<u>5,183,421</u>

5 Other operating income

The analysis of the group's other operating income for the period is as follows:

	2021	2020
	£	£
Miscellaneous other operating income	<u>91,692</u>	<u>34,222</u>

6 Operating (loss)/profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	99,543	50,678
Amortisation expense	240	212
Research and development cost	<u>20,366</u>	<u>1,646</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

7 Exceptional items

Included within Rates for the year ended 31 December 2021, is £75,000 which relates to rates for the previous year.

8 Other interest receivable and similar income

	2021	2020
	£	£
Interest income on bank deposits	<u>365</u>	<u>926</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest expense on other finance liabilities	14,220	12,500
Other finance costs	133,747	-
Foreign exchange (gains) / losses	<u>(10,174)</u>	<u>(13,285)</u>
	<u>137,793</u>	<u>(785)</u>

10 Staff costs

Group

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	1,483,811	448,985
Social security costs	136,525	36,051
Other short-term employee benefits	15,279	2,667
Pension costs, defined contribution scheme	30,795	6,448
Consultant staff	43,125	17,200
Other employee expense	<u>6,763</u>	<u>894</u>
	<u>1,716,298</u>	<u>512,245</u>

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

	2021	2020
	No.	No.
Other departments	<u>32</u>	<u>20</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Company

The aggregate payroll costs (including director's remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	1,309,863	427,693
Social security costs	136,525	36,051
Other short-term employee benefits	10,841	2,667
Pension costs, defined contribution scheme	24,185	6,311
Consultant staff	39,759	17,200
Other employee expense	6,142	894
	<u>1,527,315</u>	<u>490,816</u>

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

	2021	2020
	£	£
Other departments	<u>22</u>	<u>14</u>

11 Directors' remuneration

Group and company

The directors' remuneration for the period was as follows:

	2021	2020
	£	£
Remuneration	<u>280,603</u>	<u>105,682</u>

In respect of the highest paid director:

	2021	2020
	£	£
Remuneration	<u>151,923</u>	<u>-</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

12 Auditors' remuneration

	2021 £	2020 £
Group and company		
Audit of these financial statements	<u>4,250</u>	<u>4,250</u>
Other fees to auditors		
All other non-audit services	<u>14,700</u>	<u>2,700</u>

13 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(685,867)</u>	<u>25,181</u>

The tax on profit before tax for the period is the same as the standard rate of corporation tax in the UK (2020 - the same as the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
(Loss)/profit before tax	<u>(4,053,346)</u>	<u>134,982</u>
Corporation tax at standard rate	(770,136)	25,647
Effect of tax losses	85,388	1,260
Tax decrease from effect of capital allowances and depreciation	(1,183)	(1,726)
Tax increase from other short-term timing differences	<u>64</u>	<u>-</u>
Total tax (credit)/charge	<u>(685,867)</u>	<u>25,181</u>

The primary component of the recognised deferred tax asset is taxable losses carried forward.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

14 Intangible assets

Group and Company

	Trademarks, patents and licenses £	Total £
Cost or valuation		
At 1 July 2020	2,118	2,118
At 31 December 2021	2,118	2,118
Amortisation		
At 1 July 2020	424	424
Amortisation charge	240	240
At 31 December 2021	664	664
Carrying amount		
At 31 December 2021	1,454	1,454
At 30 June 2020	1,694	1,694

The aggregate amount of research and development expenditure recognised as an expense during the period by the Group is £20,366 (2020 - £1,646).

The aggregate amount of research and development expenditure recognised as an expense during the period by the Company is £12,150 (2020: £0).

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

15 Tangible assets

Group and Company

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 July 2020	290,000	45,588	335,588
Additions	<u>-</u>	<u>17,537</u>	<u>17,537</u>
At 31 December 2021	<u>290,000</u>	<u>63,125</u>	<u>353,125</u>
Depreciation			
At 1 July 2020	62,833	14,779	77,612
Charge for the period	<u>87,000</u>	<u>12,543</u>	<u>99,543</u>
At 31 December 2021	<u>149,833</u>	<u>27,322</u>	<u>177,155</u>
Carrying amount			
At 31 December 2021	<u>140,167</u>	<u>35,803</u>	<u>175,970</u>
At 30 June 2020	<u>227,167</u>	<u>30,809</u>	<u>257,976</u>

Included within the net book value of land and buildings above is £140,167 (2020 - £227,167) in respect of right-of-use assets.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

16 Investments

Company

	2021 £	2020 £
Investments in subsidiaries	<u>434,481</u>	<u>426,916</u>

Subsidiaries

Cost or valuation

At 1 July 2020	426,916
Revaluation	(1,349)
Additions	<u>8,914</u>
At 31 December 2021	<u>434,481</u>

Provision

Carrying amount

At 31 December 2021	<u>434,481</u>
At 30 June 2020	<u>426,916</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
The Cheeky Panda S.A.R.L	France	Ordinary shares	100%	100%
The Cheeky Panda LLC	America	Ordinary shares	100%	100%
The Cheeky Panda Co. Ltd	China	Ordinary shares	100%	100%
The Cheeky Panda (Ireland) Limited	Ireland	Ordinary shares	100%	0%

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

The Cheeky Panda S.A.R.L

The principal activity of The Cheeky Panda S.A.R.L is the provision of household sanitary products in Europe. The loss for the financial period of The Cheeky Panda S.A.R.L was £5,065 and the total equity and liabilities was a deficit of £14,278.

The Cheeky Panda LLC

The principal activity of The Cheeky Panda LLC is the provision of household sanitary products in the USA. The loss for the financial period of The Cheeky Panda LLC was £407,851 and the total equity and liabilities was a deficit of £321,520.

The Cheeky Panda Co. Ltd

The principal activity of The Cheeky Panda Co. Ltd is the provision of household sanitary products in China. The profit for the financial period of The Cheeky Panda Co. Ltd was £370,277 and the total equity and liabilities was £1,496,581.

The Cheeky Panda (Ireland) Limited

The principal activity of The Cheeky Panda (Ireland) Limited is the provision of household sanitary products in Europe. The profit for the financial period of The Cheeky Panda Co. Ltd was £1,790 and the total equity and liabilities was £127,793.

17 Deferred Tax Asset

Group and Company

	Deferred tax £	Total £
At 1 July 2020	158,446	158,446
Increase (decrease) in existing provisions	<u>774,742</u>	<u>774,742</u>
At 31 December 2021	<u>933,188</u>	<u>933,188</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

18 Business combinations

On 21 December 2020, The Cheeky Panda Limited (parent) acquired 100% of the issued share capital of The Cheeky Panda (Ireland) Limited (subsidiary), obtaining control.

The Cheeky Panda (Ireland) Limited contributed £485,930 revenue and £1,853 to the group's profit for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value 2021 £	Fair value 2021 £
Assets and liabilities acquired		
Financial assets	8,914	8,914
	-	-
Total consideration	<u>8,914</u>	<u>8,914</u>
Satisfied by:		
Cash	<u>8,914</u>	<u>8,914</u>

19 Inventories

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods	<u>4,338,217</u>	<u>2,518,800</u>	<u>4,113,178</u>	<u>2,640,206</u>

During the period ended 31 December 2021, inventories of £9,351,588 (2020: £4,475,069) were recognised as an expense and included in 'cost of sales'.

Inventories have been reduced by £39,712 (2020: £85,137) by way of a stock provision to recognise slow moving inventory.

Any write-downs or reversals are included in 'cost of sales'.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

20 Trade and other receivables

	Note	Group		Company	
		2021 £	2020 £	2021 £	2020 £
Trade receivables		1,692,145	1,756,616	1,469,293	1,681,166
Amounts owed by related parties	29	-	-	1,296,864	69,719
Other receivables		463,763	363,850	72,533	311,716
Prepayments		640,162	42,440	121,258	30,019
		<u>2,796,070</u>	<u>2,162,906</u>	<u>2,959,948</u>	<u>2,092,620</u>

Group

The average credit period on sales of goods is 55 days. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

The group recognises a loss allowance of 100% for receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. In both the 2021 and 2020 reporting periods, this amount was £nil.

At 31 December 2021 trade receivables of £nil (2020: £nil) were determined to be impaired.

Company

The average credit period on sales of goods is 53 days. No interest is charged on outstanding trade receivables. The carrying amount of trade and other receivables approximates the fair value.

The company recognises a loss allowance of 100% for receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. In both the 2021 and 2020 reporting periods, this amount was £nil.

At 31 December 2021 trade receivables of £nil (2020: £nil) were determined to be impaired.

21 Share capital

Group and Company

	Share capital		Share premium
	Number of shares	£	£
Ordinary shares of par value at £0.00001 each at 1 July 2020	1,456,582	15	5,895,561
Shares issued in period	77,822	1	3,728,110
At 31 December 2021	<u>1,534,404</u>	<u>16</u>	<u>9,623,671</u>

Further details of the share capital allotted during the period are on page 5.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

22 Reserves

Group

Share capital

Represents the nominal value of the shares issued.

Share premium

Represents the premium value of the shares issued.

Retained earnings

Includes current period and historic retained profits and losses.

Company

Share capital

Represents the nominal value of the shares issued.

Share premium

Represents the premium value of the shares issued.

Retained earnings

Includes current period and historic retained profits and losses.

23 Loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Current loans and borrowings				
Bank overdrafts	<u>2,392,829</u>	<u>1,185,058</u>	<u>2,392,829</u>	<u>1,185,058</u>

The Invoice Discounting Agreement is secured by a fixed and floating charge over the assets of the company by HSBC Invoice Financing (UK) Ltd.

Furthermore, HSBC UK Bank PLC hold a debenture including fixed charge over all present property; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertaking both present and future.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

24 Trade and other payables

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
Due within one year					
Trade payables		1,857,115	322,587	973,025	520,009
Amounts due to related parties	29	-	-	189,712	226,563
Social security and other taxes		30,353	129,996	30,353	129,996
Outstanding defined contribution pension costs		4,590	2,205	4,590	2,205
Other payables		75,144	45,253	57,981	42,432
Accruals		982,140	326,215	953,975	324,667
		<u>2,949,342</u>	<u>826,256</u>	<u>2,209,636</u>	<u>1,245,872</u>

Group

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 95 days. No interest is charged on overdue amounts.

The carrying amount of trade and other payables approximates the fair value.

Company

Trade payables and accruals comprise amounts outstanding for trade purchases and ongoing costs. The average credit period for trade purchases is 58 days. No interest is charged on overdue amounts.

The carrying amount of trade and other payables approximates the fair value.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

25 Leases as a lessee

Group and Company

The Group leases office facilities. The lease runs for a period of 5 years with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets

Right-of-use assets related to leased properties are presented as Fixed Assets.

		(as restated)
	2021	2020
<i>Land and Buildings</i>		
Balance at 1 July 2020	227,167	270,667
Depreciation charge for the year	(87,000)	(43,500)
Balance at 31 December 2021	<u>140,167</u>	<u>227,167</u>

		(as restated)
	2021	2020
<i>Split:</i>		
Due within one year	58,000	58,000
Due after one year	82,167	169,167
	<u>140,167</u>	<u>227,167</u>

26 Pension and other schemes

Defined contribution pension scheme

Group

The group operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the group to the scheme and amounted to £30,795 (2020 - £6,448).

Contributions totalling £4,590 (2020 - £2,205) were payable to the scheme at the end of the period and are included in creditors.

Company

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £24,185 (2020 - £6,311)

Contributions totalling £4,590 (2020 - £2,205) were payable to the scheme at the end of the period and are included in creditors.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

27 Capital management

The group is not subject to either internally or externally imposed capital requirements. The group's objective when managing capital is to provide sufficient resources to allow the continued investment in new products that are required in the rapidly changing market in which the group operates and to safeguard the group's ability to continue as a going concern, so that it can provide returns for shareholders.

The group manages capital by regularly monitoring its current and expected liquidity requirements rather than using debt/equity ratio analysis. No changes were made in the objectives, policies and processes during the current or previous year.

The directors consider the group's capital comprises:

- share capital, share premium and retained earnings - the total of this capital is £5,611,549 (2020: £5,250,917).
- borrowings which provide the working capital required by the group - the total of this capital is £2,392,829 (2020: £1,185,058).

28 Commitments

Group and Company

Capital commitments

The total amount contracted for but not provided in the financial statements was £Nil (2020 - £Nil).

29 Related party transactions

Company

Key management compensation

	2021 £	2020 £
Salaries and other short term employee benefits	<u>347,681</u>	<u>123,368</u>

Transactions with directors

	At 1 July 2020 £	Repayments by director £	At 31 December 2021 £
2021 Christopher Allen Forbes			
Director's Loan Account	<u>98</u>	<u>(98)</u>	<u>-</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

	At 1 July 2019 £	Repayments by director £	At 30 June 2020 £
2020			
Christopher Allen Forbes			
Director's Loan Account	443	(344)	98

Summary of transactions with all subsidiaries

Transactions take place with regards to stock purchases/transfers between The Cheeky Panda Limited and its subsidiaries in China and Europe.

The Cheeky Panda S.A.R.L

During the period, The Cheeky Panda S.A.R.L provided goods to The Cheeky Panda Limited of £170,274 (2020: £nil) and received goods of £209,066 (2020: £nil). A management fee of £38,189 (2020: £nil) was also charged to The Cheeky Panda S.A.R.L. The balance due to The Cheeky Panda Limited from The Cheeky Panda S.A.R.L at 31 December 2021 was £205,798 (2020: £29,888).

The Cheeky Panda LLC

During the period, a loan account was operated between The Cheeky Panda Limited and The Cheeky Panda LLC. The balance due to The Cheeky Panda Limited from The Cheeky Panda LLC at 31 December 2021 was £811,485 (2020: £39,830).

The Cheeky Panda Co. Ltd

During the period, The Cheeky Panda Co. Ltd provided goods to The Cheeky Panda Limited of £5,423,212 (2020: £884,079) and received goods of £4,142,122 (2020: £459,778). The balance due to The Cheeky Panda Co. Ltd from The Cheeky Panda Limited at 31 December 2021 was £189,712 (2020: £226,563).

The Cheeky Panda (Ireland) Limited

During the period, The Cheeky Panda (Ireland) Limited provided goods to The Cheeky Panda Limited of £7,894 (2020: £nil) and received goods of £7,956 (2020: £nil). The balance due to The Cheeky Panda Limited from The Cheeky Panda (Ireland) Limited at 31 December 2021 was £279,581 (2020: £nil).

Summary of transactions with other related parties

Northern & Shell Ventures Limited

During the year ended 30 June 2019, The Cheeky Panda Limited and Northern & Shell Ventures Limited entered into a Media for Equity Investment deal. During the period ended 31 December 2021, Northern & Shell Ventures Limited provided media services of £311,618 (2020: £324,572), this is included in advertising costs in the P&L. The balance of media spend due to The Cheeky Panda Limited at 31 December 2021 was £nil (2020: £311,618).

Northern & Shell Ventures also lease property to The Cheeky Panda Limited. The value of the lease during the period was £87,000 (2020: £58,000).

Andrew Garden

A share issue was made to the Non-Executive Chairman (Andrew Garden) during the period, for his consultancy services in March 2021 amounting to a total of 4,633 shares.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

30 Notes to the cash flow statement

Group

	At 1 July 2020 £	Financing cash flows £	At 31 December 2021 £
Cash and cash equivalents			
Cash at bank	2,389,576	548,288	2,937,864
Invoice financing	(1,185,058)	(1,207,771)	(2,392,829)
	<u>1,204,518</u>	<u>(659,483)</u>	<u>545,035</u>
	<u>1,204,518</u>	<u>(659,483)</u>	<u>545,035</u>

Company

	At 1 July 2020 £	Financing cash flows £	At 31 December 2021 £
Cash and cash equivalents			
Cash at bank	2,361,103	(230,041)	2,131,062
Invoice financing	(1,185,058)	(1,207,771)	(2,392,829)
	<u>1,176,045</u>	<u>(1,437,812)</u>	<u>(261,767)</u>
	<u>1,176,045</u>	<u>(1,437,812)</u>	<u>(261,767)</u>

One non-cash transaction is reflected in the table below that explains the changes in liabilities arising from financing activities:

These financial statements have been restated as if they had been prepared under IFRS since the year commencing 1 June 2018. The office lease entered into on 26 March 2019 has resulted in the recognition of a right-of-use asset and a lease liability. The initial recognition of these items arose as a result of a non-cash transaction.

	1 July 2020 £	Repayments £	31 December 2021 £
Lease liabilities	<u>227,167</u>	<u>(87,000)</u>	<u>140,167</u>

	1 July 2019 (as restated) £	Repayments £	30 June 2020 (as restated) £
Lease liabilities	<u>270,667</u>	<u>(43,500)</u>	<u>227,167</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

31 Financial instruments

Group

Categorisation of financial instruments

	2021	2020
	£	£
Cash and short-term deposits	2,937,864	2,389,576
Financial assets that are debt instruments measured at amortised cost	2,447,410	2,110,772
	<u>5,385,274</u>	<u>4,500,348</u>
Financial liabilities measured at amortised cost	<u>5,451,833</u>	<u>2,108,484</u>

Company

Categorisation of financial instruments

	2021	2020
	£	£
Cash and short-term deposits	2,131,062	2,361,103
Financial assets that are debt instruments measured at amortised cost	1,590,551	1,970,767
Financial assets that are equity instruments measured at cost less impairment	434,481	426,916
	<u>4,156,094</u>	<u>4,758,786</u>
Financial liabilities measured at amortised cost	<u>4,522,415</u>	<u>2,301,537</u>

Fair values

The directors consider that the carrying value of financial instruments in the group and company's financial statements is equivalent to the fair value. The fair value of cash equivalents, receivables and payables approximate their carrying values due to their short-term nature.

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

32 Transition to IFRS

Company

Following the restatement under IFRS as detailed at Note 2, the company has recognised a right-of-use asset and a corresponding lease liability. The deferred tax asset has also been reclassified as a non-current asset.

There was no change to the profit/(loss) or retained earnings of the company as a result of the restatement.

Company Statement of Financial Position at 1 July 2019

	As originally reported	Reclassification	Restatement	As restated
	£	£	£	£
Assets				
Intangible assets	1,906	-	-	1,906
Tangible assets	21,511	-	270,667	292,178
Investments	3,587	-	-	3,587
Deferred tax assets	-	183,627	-	183,627
Total non-current assets	<u>27,004</u>	<u>183,627</u>	<u>270,667</u>	<u>481,298</u>
Inventories	522,471	-	-	522,471
Trade and other receivables	1,305,560	(183,627)	-	1,121,933
Cash and cash equivalents	918,271	-	-	918,271
Total current assets	<u>2,746,302</u>	<u>(183,627)</u>	<u>-</u>	<u>2,562,675</u>
Total assets	<u>2,773,306</u>	<u>-</u>	<u>270,667</u>	<u>3,043,973</u>
Equity and liabilities				
Share capital	14	-	-	14
Share premium	3,091,356	-	-	3,091,356
Retained earnings	(715,291)	-	-	(715,291)
Total equity	<u>2,376,079</u>	<u>-</u>	<u>-</u>	<u>2,376,079</u>
Lease liabilities	-	-	212,667	212,667
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>212,667</u>	<u>212,667</u>
Loans and borrowings	156,150	-	-	156,150
Trade and other payables	241,077	-	-	241,077
Lease liabilities	-	-	58,000	58,000
Total current liabilities	<u>397,227</u>	<u>-</u>	<u>58,000</u>	<u>455,227</u>
Total equity and liabilities	<u>2,773,306</u>	<u>-</u>	<u>270,667</u>	<u>3,043,973</u>

The Cheeky Panda Limited

Notes to the Financial Statements for the Period from 1 July 2020 to 31 December 2021

Company Statement of Financial Position at 30 June 2020

	As originally reported	Reclassification	Restatement	As restated
	£	£	£	£
Assets				
Intangible assets	1,694	-	-	1,694
Tangible assets	30,809	-	227,167	257,976
Investments	426,916	-	-	426,916
Deferred tax assets	-	158,446	-	158,446
Total non-current assets	<u>459,419</u>	<u>158,446</u>	<u>227,167</u>	<u>845,032</u>
Inventories	2,640,206	-	-	2,640,206
Trade and other receivables	2,251,066	(158,446)	-	2,092,620
Cash and cash equivalents	2,361,103	-	-	2,361,103
Total current assets	<u>7,252,375</u>	<u>(158,446)</u>	<u>-</u>	<u>7,093,929</u>
Total assets	<u>7,711,794</u>	<u>-</u>	<u>227,167</u>	<u>7,938,961</u>
Equity and liabilities				
Share capital	14	-	-	14
Share premium	5,895,561	-	-	5,895,561
Retained earnings	(614,713)	-	-	(614,713)
Total equity	<u>5,280,863</u>	<u>-</u>	<u>-</u>	<u>5,280,863</u>
Lease liabilities	-	-	169,167	169,167
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>169,167</u>	<u>169,167</u>
Loans and borrowings	1,185,058	-	-	1,185,058
Trade and other payables	1,245,873	-	-	1,245,873
Lease liabilities	-	-	58,000	58,000
Total current liabilities	<u>2,430,931</u>	<u>-</u>	<u>58,000</u>	<u>2,488,931</u>
Total equity and liabilities	<u>7,711,794</u>	<u>-</u>	<u>227,167</u>	<u>7,938,961</u>