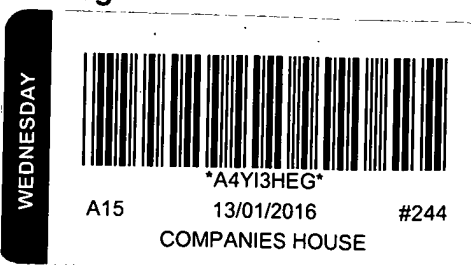


# Financial Statements Pukka Herbs Limited

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**For the year ended 31 August 2015**

**Registered number: 04275539**



**Pukka Herbs Limited**

## Company Information

<b>Directors</b>	Mr T M Westwell Mr S F C Pole
<b>Company secretary</b>	Mr T M Westwell
<b>Registered number</b>	04275539
<b>Registered office</b>	8 Hawkfield Business Park Bristol Avon BS14 0BY
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Hartwell House 55-61 Victoria Street Bristol BS1 6FT

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# Group Strategic Report

For the year ended 31 August 2015

The directors present their strategic report for the group for the year ended 31 August 2015.

## Principal activities

The principal activity of the company is manufacturing and selling organic herbal teas and herbal remedies. The aim of the company is to make the wonders and benefits of organic herbs beneficial to as many people as possible. The more we sell the more we cover the earth with organic herbs. At the date of writing the report the directors are not aware of any likely changes in the activities of the company in the forthcoming year.

## Business review

The directors are pleased to report the financial statements for the year ending 31 August 2015, during which sales grew by 32% (FY14 = 31%), meaning Pukka continues to be the fastest growing major tea brand in the UK.

	Year ending 31 Aug 2015 £ '000	Year ending 31 Aug 2014 £ '000	Change %
Net revenue	22,443	17,003	32%
Cost of sales	(11,983)	(9,204)	30%
Gross profit	10,460	7,799	34%
Gross profit %	47%	46%	2%
Distribution costs	(1,268)	(854)	48%
Administrative expenses (exc. depreciation & amortisation)	(7,965)	(6,318)	26%
EBITDA	1,227	627	96%
Depreciation & amortisation	(120)	(106)	13%
Net interest payable	(98)	(58)	69%
Profit before taxation	1,009	463	118%

This strong growth in sales was driven by both teas and remedies within the UK and across international markets. The top line growth corresponds with similar growth at the gross profit level with the gross profit % remaining stable. EBITDA growth (96% year on year) is a head of sales growth following a year of heavy brand investment in FY14.

## Results

The profit for the year, before taxation, amounted to £1,009,219 (2014: £463,298).

## Exceptional items

There were no exceptional items in the year.

## Dividends

Dividends paid in the year ending 31 August 2015 amounted to £318,003 (2014: £294,446).

## Post balance sheet events

The directors are not aware of any post balance sheet events that would affect the going concern status of the business or that require amendment or disclosure in the accounts.

## **Group Strategic Report (continued)**

**For the year ended 31 August 2015**

### **Financial instruments**

The company uses a variety of short term financing tools that are typical to businesses of this type. The directors ensure that the company always has sufficient funds to cover its repayments.

### **Research and development**

During the year the group invested funds into various research and development projects primarily in the area of product development.

### **Future developments**

The directors are excited about the wealth of opportunities that are continually presenting themselves to the group. The continuation and acceleration of consumer trends towards health, welfare and the environment mean that there are a wealth of opportunities for the business both in the UK and internationally. Pukka continues to invest in its infrastructure, not least of all in the creation of Pukka Inc., which started trading on 1 Sep 2015.

### **Principal risks and uncertainties**

#### ***Competitive markets***

There is a high level of competition in the herbal tea market place, in both the UK and across the international markets in which Pukka operates. The group manages this risk by ensuring that the products remain true to the Pukka values, in particular by investing in new products, new packaging, ensuring a great taste and by maintaining a high level of environmental conscience. This focus ensures that the Pukka products retain a competitive advantage.

#### ***Financial risks***

The Group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and foreign exchange risk. The company specifically manages each of these risks so as to minimise the impact of these risks on financial performance. The company does not use derivative financial instruments such as foreign currency exchange contracts.

Credit risk is primarily attributable to the trade debtors. The company has historically had few issues with bad and doubtful debts but continues to closely monitor its outstanding debts, employing a number of traditional controls to ensure that the credit risk is minimised.

Liquidity risk is managed through a variety of short term debt finance facilities that are designed to ensure the company has sufficient funds available to run the business.

The company's exposure to foreign exchange risk is minimised by the operation of euro and dollar bank accounts and the fact that foreign currency sales and purchases are fairly equal.

### **Sustainable business**

Pukka Herbs was created in 2001 with the purpose of making a positive change to people, plants and planet through a business model that was genuinely sustainable. Our sustainability strategy in 2001, today and for always will reflect our company's vision:

*"Through the incredible power of plants we will inspire people to lead a more conscious life.  
We will strive every day to help create a Pukka Planet benefiting people, plants and planet."*

## Group Strategic Report (continued)

For the year ended 31 August 2015

This year, to support this mission we developed our sustainability vision:

*"Pukka is universally recognised as a pioneer in supporting healthy living of individuals, society and environment. We have a demonstrable net-positive impact on people, plants and planet."*

Pukka's inspiration starts with our products, which are designed to deliver excellence in terms of taste and health as well as support the wellbeing of others. Pukka is committed to operating a supply chain which offers fair pricing, community development and environmental protection. For this reason all of the tea and wellbeing products are 100% certified organic. This year we have set a target that all of our teas will be Fair for Life certified by end FY16.

Pukka's commitment to a sustainable business continued during the year ending 31 August 2015 focusing on five key themes: product excellence, climate change, resource conservation, sustainable communities and ethical practices. This is underpinned by sustainability and climate change policies which help guide decision making in respect to social, environmental and ethical performance.

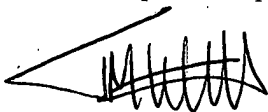
At the forefront of our sustainability strategy we address the global risk of climate change. In 2015 we became a certified Carbon Neutral Company, two years ahead of schedule. To achieve this we measured and reduced the carbon footprint from our operational impacts in FY14 (321.46 tonnes CO2 equivalent) and offset this amount by investing in a Gold Standard 'cookstove' project. The project reduces greenhouse gas emissions from forest degradation in Uganda, and also improves the wellbeing of rural communities. We have set a new target to help our whole supply chain – from our farmers in the field to our customers enjoying our teas and remedies – to become carbon neutral by 2045.

Over the next few years, Pukka is committed to improving our management information to help assess the materiality of our impacts and performance against our sustainability targets. This will include working closely with suppliers to enable them to support our vision. Our sustainability reporting will hold us accountable to these targets and support our desire to be a force for positive change. In 2015 we won a prestigious 2degrees Award for our reporting. This recognised our pioneering work with the Responsible 100, an external body that identifies and supports transparency in business by requiring companies to report on key responsibility issues which are then open to public scrutiny.

This report was approved by the board on

7<sup>th</sup> January '16

and signed on its behalf.



**Mr T M Westwell**  
Director

## Directors' Report

For the year ended 31 August 2015

The directors present their report and the audited financial statements for the year ended 31 August 2015.

### Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

### Directors

The directors who served during the year were:

Mr S F C Pole  
Mr T M Westwell

All of the above directors have served since the date of company registration.

### Matters covered in the Strategic report

Future developments have been included in the Strategic Report.

### Disclosure of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that 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 auditor is aware of that information.

**Pukka Herbs Limited**

## **Directors' Report**

**For the year ended 31 August 2015**

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

7<sup>th</sup> January '16

and signed on its behalf.

A handwritten signature in black ink, appearing to read 'T M Westwell', written over a horizontal line.

**Mr T M Westwell**  
Director



## Independent Auditor's Report to the Members of Pukka Herbs Limited

We have audited the financial statements of Pukka Herbs Limited for the year ended 31 August 2015, which comprise the consolidated Profit and loss account, the consolidated and company Balance sheets, the consolidated Cash flow statement and reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

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 31 August 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Pukka Herbs Limited

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

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.

*Grant Thornton UK LLP*

James Morter (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Bristol

Date:

*7 January 2016*

## Consolidated Profit and Loss Account

For the year ended 31 August 2015

	Note	2015 £	2014 £
<b>Turnover</b>	1,2	22,442,979	17,003,155
Cost of sales		<u>(11,982,526)</u>	<u>(9,204,069)</u>
<b>Gross profit</b>		10,460,453	7,799,086
Distribution costs		(1,268,477)	(854,163)
Administrative expenses		(8,132,902)	(6,423,693)
Other operating income	3	<u>46,683</u>	<u>-</u>
<b>Operating profit</b>	4	1,105,757	521,230
Interest payable and similar charges	8	<u>(96,538)</u>	<u>(57,932)</u>
<b>Profit on ordinary activities before taxation</b>		1,009,219	463,298
Tax on profit on ordinary activities	9	<u>(232,833)</u>	<u>(80,061)</u>
<b>Profit for the financial year</b>	18	<u><u>776,386</u></u>	<u><u>383,237</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

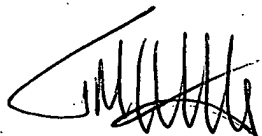
The notes on pages 12 to 26 form part of these financial statements.

## Consolidated Balance Sheet

As at 31 August 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Intangible assets	10		125,961	84,467
Tangible assets	11		434,413	187,320
			<u>560,374</u>	<u>271,787</u>
<b>Current assets</b>				
Stocks	12	4,719,858	2,681,768	
Debtors	13	4,110,988	2,936,627	
Cash at bank		1,134,987	35,703	
		<u>9,965,833</u>	<u>5,654,098</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(8,162,387)</u>	<u>(5,131,151)</u>	
<b>Net current assets</b>			<u>1,803,446</u>	<u>522,947</u>
<b>Total assets less current liabilities</b>			<u>2,363,820</u>	<u>794,734</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(1,095,997)		(3,510)
<b>Provisions for liabilities</b>				
Deferred tax	16	(30,016)		(15,703)
<b>Net assets</b>			<u><u>1,237,807</u></u>	<u><u>775,521</u></u>
<b>Capital and reserves</b>				
Called up share capital	17		100	100
Share premium account	18		24,990	24,990
Foreign exchange reserve	18		3,903	-
Profit and loss account	18		1,208,814	750,431
<b>Shareholders' funds</b>	19		<u><u>1,237,807</u></u>	<u><u>775,521</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**Mr T M Westwell**  
Director

7<sup>th</sup> January '16

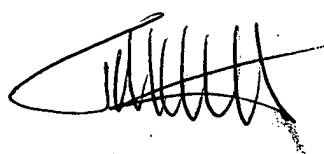
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## Company Balance Sheet

As at 31 August 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Intangible assets	10		125,961	84,467
Tangible assets	11		434,413	187,320
			<u>560,374</u>	<u>271,787</u>
<b>Current assets</b>				
Stocks	12	4,348,048	2,681,768	
Debtors	13	4,489,532	2,936,627	
Cash at bank		1,071,691	35,703	
		<u>9,909,271</u>	<u>5,654,098</u>	
<b>Creditors: amounts falling due within one year</b>	14	(8,078,496)	(5,131,151)	
<b>Net current assets</b>			<u>1,830,775</u>	<u>522,947</u>
<b>Total assets less current liabilities</b>			<u>2,391,149</u>	<u>794,734</u>
<b>Creditors: amounts falling due after more than one year</b>	15	(1,095,997)	(3,510)	
<b>Provisions for liabilities</b>				
Deferred tax	16	(30,016)	(15,703)	
<b>Net assets</b>			<u>1,265,136</u>	<u>775,521</u>
<b>Capital and reserves</b>				
Called up share capital	17	100	100	
Share premium account	18	24,990	24,990	
Profit and loss account	18	1,240,046	750,431	
<b>Shareholders' funds</b>	19	<u>1,265,136</u>	<u>775,521</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Mr T M Westwell  
Director

7<sup>th</sup> January 16

The notes on pages 12 to 26 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 August 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	21	706,452	(720,714)
Returns on investments and servicing of finance	22	(96,538)	(57,932)
Taxation		(100,565)	(55,926)
Capital expenditure and financial investment	22	(434,200)	(155,683)
Equity dividends paid		(318,003)	(294,446)
<b>Cash outflow before financing</b>		<b>(242,854)</b>	<b>(1,284,701)</b>
Financing	22	1,545,837	897,422
<b>Increase/(Decrease) in cash in the year</b>		<b>1,302,983</b>	<b>(387,279)</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 August 2015

	2015 £	2014 £
Increase/(Decrease) in cash in the year	1,302,983	(387,279)
Cash inflow from increase in debt and lease financing	(1,545,837)	(897,422)
<b>Movement in net debt in the year</b>	<b>(242,854)</b>	<b>(1,284,701)</b>
Net debt at 1 September 2014	(2,532,010)	(1,247,309)
<b>Net debt at 31 August 2015</b>	<b>(2,774,864)</b>	<b>(2,532,010)</b>

The notes on pages 12 to 26 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 August 2015

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 1.2 Going concern

The company continues to trade profitably and use the cash it has generated from operations to invest in the future of the business. The company uses bank borrowings and invoice discounting facilities to finance the business. These are deemed adequate to meet the company's working capital needs. Consequently the directors consider it reasonable to prepare the accounts on a going concern basis.

### 1.3 Basis of consolidation

The financial statements consolidate the accounts of Pukka Herbs Limited and all of its subsidiary undertakings ('subsidiaries').

### 1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

### 1.5 Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation.

The cost of goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities.

The cost of other intangible assets represents purchase price.

Amortisation is calculated so as to write off the cost of an intangible fixed asset over the estimated useful life of that asset, as follows:

Trademarks	- 10% straight line
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### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	- 33% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 33% straight line
Software	- 33% straight line

# Notes to the Financial Statements

For the year ended 31 August 2015

## 1. Accounting Policies (continued)

### 1.7 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

### 1.8 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 1.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

### 1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is recognised in respect of the retained earnings of an overseas subsidiary, associate or joint venture only to the extent that there is a commitment to remit the earnings.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.



# Notes to the Financial Statements

For the year ended 31 August 2015

## 1. Accounting Policies (continued)

### 1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated from their functional currency to Sterling (£) using the closing exchange rate. Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising on the translation of group companies are recognised in equity.

### 1.12 Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and loss account.

### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

## 2. Turnover

Turnover for the year is derived from the following areas:

	2015 £	2014 £
United Kingdom	11,979,863	8,628,236
Europe	7,444,499	5,412,848
Rest of World	3,018,617	2,962,071
	<u>22,442,979</u>	<u>17,003,155</u>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 3. Other operating income

	2015	2014
	£	£
Other operating income	46,683	-

## 4. Operating profit

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

	2015	2014
	£	£
Amortisation - intangible fixed assets	12,331	5,812
Depreciation of tangible fixed assets:		
- owned by the group	89,709	83,355
- held under finance leases	17,632	16,629
Operating lease rentals:		
- plant and machinery	25,864	21,364
- other operating leases	86,685	66,402
Difference on foreign exchange	(62,475)	45,325
Research and development expenditure written off	56,245	153,226
Loss on sale of tangible assets	25,940	459
Loss on sale of intangible assets	-	158

## 5. Auditors' remuneration

	2015	2014
	£	£
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	20,000	15,500

## 6. Staff costs

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

	2015	2014
	£	£
Wages and salaries	3,281,586	2,007,487
Social security costs	287,239	206,866
Other pension costs	67,260	35,340
	3,636,085	2,249,693

# Notes to the Financial Statements

For the year ended 31 August 2015

## 6. Staff costs (continued)

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

	2015 No.	2014 No.
Administration	61	42
Sales	19	14
Warehousing	7	8
	<u>87</u>	<u>64</u>

## 7. Directors' remuneration

	2015 £	2014 £
Remuneration	<u>45,000</u>	<u>39,166</u>
Value of company pension contributions to money purchase schemes	<u>5,800</u>	<u>6,368</u>

During the year retirement benefits were accruing to 2 directors (2014 - 2) in respect of defined contribution pension schemes.

## 8. Interest payable

	2015 £	2014 £
On bank loans and overdrafts	<u>96,538</u>	<u>57,932</u>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 9. Taxation

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	213,475	98,962
Adjustments in respect of prior periods	5,045	(17,193)
<b>Total current tax</b>	<b>218,520</b>	<b>81,769</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	18,314	(1,708)
Adjustments in respect of prior periods	(4,001)	-
<b>Total deferred tax</b> (see note 16)	<b>14,313</b>	<b>(1,708)</b>
<b>Tax on profit on ordinary activities</b>	<b>232,833</b>	<b>80,061</b>

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20.58% (2014 - 22.2%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	1,009,219	463,298
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.58% (2014 - 22.2%)	207,705	102,674
<b>Effects of:</b>		
Expenses not deductible for tax purposes	26,901	13,230
Depreciation for the year (less than)/in excess of capital allowances	(35,130)	(3,121)
Research and development tax credits	(11,783)	(13,270)
Adjustments to tax charge in respect of prior periods	5,045	(17,193)
Short term timing difference leading to an increase (decrease) in taxation	16,284	5,014
Differences between standard and actual rate	992	-
Consolidation adjustment	8,506	-
Marginal relief	-	(5,565)
<b>Current tax charge for the year</b> (see note above)	<b>218,520</b>	<b>81,769</b>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 10. Intangible fixed assets

		Trademarks £
<b>Group</b>		
<b>Cost</b>		
At 1 September 2014		96,610
Additions		53,825
At 31 August 2015		150,435
<b>Amortisation</b>		
At 1 September 2014		12,143
Charge for the year		12,331
At 31 August 2015		24,474
<b>Net book value</b>		
At 31 August 2015		125,961
At 31 August 2014		84,467
<b>Company</b>		
<b>Cost</b>		
At 1 September 2014		96,610
Additions		53,825
At 31 August 2015		150,435
<b>Amortisation</b>		
At 1 September 2014		12,143
Charge for the year		12,331
At 31 August 2015		24,474
<b>Net book value</b>		
At 31 August 2015		125,961
At 31 August 2014		84,467

# Notes to the Financial Statements

For the year ended 31 August 2015

## 11. Tangible fixed assets

Group	Long-term leasehold property £	Plant and equipment £	Motor vehicles £	Software £	Total £
<b>Cost</b>					
At 1 September 2014	71,359	252,256	-	98,185	421,800
Additions	203,206	78,777	90,292	8,100	380,375
Disposals	-	-	-	(49,331)	(49,331)
At 31 August 2015	274,565	331,033	90,292	56,954	752,844
<b>Depreciation</b>					
At 1 September 2014	54,102	134,719	-	45,659	234,480
Charge for the year	16,817	54,330	12,540	23,654	107,341
On disposals	-	-	-	(23,390)	(23,390)
At 31 August 2015	70,919	189,049	12,540	45,923	318,431
<b>Net book value</b>					
At 31 August 2015	203,646	141,984	77,752	11,031	434,413
At 31 August 2014	17,257	117,537	-	52,526	187,320

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2015 £	2014 £
Furniture, fittings and equipment	17,409	35,041

## Notes to the Financial Statements

For the year ended 31 August 2015

Company	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Software £	Total £
<b>Cost</b>					
At 1 September 2014	71,359	252,256	-	98,185	421,800
Additions	203,206	78,777	90,292	8,100	380,375
Disposals	-	-	-	(49,331)	(49,331)
At 31 August 2015	274,565	331,033	90,292	56,954	752,844
<b>Depreciation</b>					
At 1 September 2014	54,102	134,719	-	45,659	234,480
Charge for the year	16,817	54,330	12,540	23,654	107,341
On disposals	-	-	-	(23,390)	(23,390)
At 31 August 2015	70,919	189,049	12,540	45,923	318,431
<b>Net book value</b>					
At 31 August 2015	203,646	141,984	77,752	11,031	434,413
At 31 August 2014	17,257	117,537	-	52,526	187,320

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	2015 £	2014 £
Furniture, fittings and equipment	17,409	35,041

## 12. Stocks

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Raw materials	1,035,552	252,114	1,035,552	252,114
Work in progress	582,752	1,066,067	582,752	1,066,067
Finished goods and goods for resale	3,101,554	1,363,587	2,729,744	1,363,587
	4,719,858	2,681,768	4,348,048	2,681,768

# Notes to the Financial Statements

For the year ended 31 August 2015

## 13. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	3,336,901	2,476,960	3,724,317	2,476,960
Other debtors	172,802	98,057	172,802	98,057
Prepayments and accrued income	601,285	361,610	592,413	361,610
	<u>4,110,988</u>	<u>2,936,627</u>	<u>4,489,532</u>	<u>2,936,627</u>

## 14. Creditors: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	878,526	1,041,375	878,526	1,041,375
Invoice discounting facilities	1,932,003	1,504,737	1,932,003	1,504,737
Net obligations under finance leases and hire purchase contracts	3,325	18,092	3,325	18,092
Trade creditors	3,579,913	1,644,986	3,529,837	1,644,986
Corporation tax	209,611	91,656	209,611	91,656
Other taxation and social security	330,823	55,271	330,823	55,271
Other creditors	33,849	-	34	-
Accruals and deferred income	1,194,337	775,034	1,194,337	775,034
	<u>8,162,387</u>	<u>5,131,151</u>	<u>8,078,496</u>	<u>5,131,151</u>

Bank loans and overdrafts of £1,974,524 (2014: £1,041,375) are secured by way of fixed and floating charges over the fixed and current assets of the company. Hire purchase and finance leases of £3,325 (2014: £18,092) are secured on the assets to which they relate. Invoice discounting facilities of £1,932,003 (2014: 1,504,737) are secured on associated trade debtors.

## 15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,095,997	-	1,095,997	-
Net obligations under finance leases and hire purchase contracts	-	3,510	-	3,510
	<u>1,095,997</u>	<u>3,510</u>	<u>1,095,997</u>	<u>3,510</u>



# Notes to the Financial Statements

For the year ended 31 August 2015

## 15. Creditors:

### Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Between one and five years	-	3,510	-	3,510

## 16. Deferred taxation

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
At beginning of year	15,703	15,703	15,703	15,703
Charge for the year (P&L)	18,314	-	18,314	-
Prior year adjustment	(4,001)	-	(4,001)	-
At end of year	30,016	15,703	30,016	15,703

The provision for deferred taxation is made up as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Accelerated capital allowances	55,073	20,936	55,073	20,936
Other short term timing differences	(25,057)	(5,233)	(25,057)	(5,233)
	30,016	15,703	30,016	15,703

## 17. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

# Notes to the Financial Statements

For the year ended 31 August 2015

## 18. Reserves

Group	Share premium account £	Foreign exchange reserve £	Profit and loss account £
At 1 September 2014	24,990	-	750,431
Profit for the financial year	-	-	776,386
Dividends: Equity capital	-	-	(318,003)
Movement on foreign exchange	-	3,903	-
At 31 August 2015	<u>24,990</u>	<u>3,903</u>	<u>1,208,814</u>

Company	Share premium account £	Profit and loss account £
At 1 September 2014	24,990	750,431
Profit for the financial year	-	807,618
Dividends: Equity capital	-	(318,003)
At 31 August 2015	<u>24,990</u>	<u>1,240,046</u>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 19. Reconciliation of movement in shareholders' funds

	2015	2014
	£	£
<b>Group</b>		
Opening shareholders' funds	775,521	686,730
Profit for the financial year	776,386	383,237
Dividends (Note 20)	(318,003)	(294,446)
Movement in foreign currency translation reserve	3,903	-
	<u>1,237,807</u>	<u>775,521</u>
 <b>Closing shareholders' funds</b>	 <u><u>1,237,807</u></u>	 <u><u>775,521</u></u>
	2015	2014
	£	£
<b>Company</b>		
Opening shareholders' funds	775,521	686,730
Profit for the financial year	807,618	383,237
Dividends (Note 20)	(318,003)	(294,446)
	<u>1,265,136</u>	<u>775,521</u>
 <b>Closing shareholders' funds</b>	 <u><u>1,265,136</u></u>	 <u><u>775,521</u></u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The profit for the year dealt with in the accounts of the company was £807,618 (2014 - £383,237).

## 20. Dividends

	2015	2014
	£	£
Dividends paid on equity capital	<u>318,003</u>	<u>294,446</u>

## 21. Net cash flow from operating activities

	2015	2014
	£	£
Operating profit	1,105,757	521,230
Amortisation of intangible fixed assets	12,331	5,812
Depreciation of tangible fixed assets	107,341	99,984
Loss on disposal of tangible fixed assets	25,940	617
Increase in stocks	(2,038,090)	(949,100)
Increase in debtors	(1,174,364)	(687,052)
Increase in creditors	2,667,537	287,795
	<u>706,452</u>	<u>(720,714)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u><u>706,452</u></u>	<u><u>(720,714)</u></u>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 22. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(96,168)	(56,055)
Hire purchase interest	(370)	(1,877)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(96,538)</b>	<b>(57,932)</b>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of intangible fixed assets	(53,825)	(61,886)
Purchase of tangible fixed assets	(380,375)	(93,797)
<b>Net cash outflow from capital expenditure</b>	<b>(434,200)</b>	<b>(155,683)</b>
	2015 £	2014 £
<b>Financing</b>		
New secured loans	1,136,848	-
Other new loans	427,266	345,323
Repayment of other loans	-	573,814
Repayment of finance leases	(18,277)	(21,715)
<b>Net cash inflow from financing</b>	<b>1,545,837</b>	<b>897,422</b>

## 23. Analysis of changes in net debt

	1 September 2014 £	Cash flow £	Other non-cash changes £	31 August 2015 £
Cash at bank and in hand	35,703	1,099,284	-	1,134,987
Bank overdraft	(203,699)	203,699	-	-
	<b>(167,996)</b>	<b>1,302,983</b>	<b>-</b>	<b>1,134,987</b>
<b>Debt:</b>				
Debts due within one year	(2,360,504)	(1,545,837)	1,092,487	(2,813,854)
Debts falling due after more than one year	(3,510)	-	(1,092,487)	(1,095,997)
<b>Net debt</b>	<b>(2,532,010)</b>	<b>(242,854)</b>	<b>-</b>	<b>(2,774,864)</b>

# Notes to the Financial Statements

For the year ended 31 August 2015

## 24. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £64,341 (2014: £35,340). There was a contribution payment of £1,726 (2014: £1,165) outstanding at the end of the financial year.

## 25. Operating lease commitments

At 31 August 2015 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015	Other 2014
	2015	2014		
Group	£	£	£	£
Expiry date:				
Between 2 and 5 years	62,199	62,199	25,684	25,864

At 31 August 2015 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		2015	Other 2014
	2015	2014		
Company	£	£	£	£
Expiry date:				
Between 2 and 5 years	62,199	62,199	25,684	25,864

## 26. Related party transactions

Dividends to directors and connected persons amounted to £318,003 (£265,000).

The company has taken advantage of the exemption under FRS 8 from the requirement to disclose transactions with other wholly owned members of the group headed by Pukka Herbs Limited.

## 27. Controlling party

The company is controlled by the directors who own 90% of the called up share capital.

## 28. Principal subsidiaries

Company name	Country	Percentage Shareholding
Pukka Herbs Inc.	USA	100%