

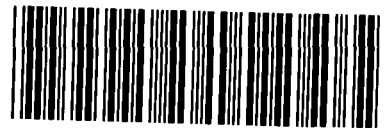
Registered number: 04275539

PUKKA HERBS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 1 SEPTEMBER 2017 TO 31 DECEMBER 2018 (HEREINAFTER
REFERRED AS "16 MONTH PERIOD ENDED 31 DECEMBER 2018")

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PUKKA HERBS LIMITED

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PUKKA HERBS LIMITED

STRATEGIC REPORT FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

INTRODUCTION

The Directors submit their report and audited financial statements of the Company for the 16-month period ended 31 December 2018. The comparative figures in the profit and loss account and other comprehensive income, statement of changes in equity and corresponding notes are for the period 1 September 2016 to 31 August 2017 (hereinafter referred as "12 months period ended 31 August 2017").

BUSINESS REVIEW

Pukka Herbs was acquired by Unilever UK Holdings Limited on 6 September 2017, after which it immediately sold its Trademarks to Unilever PLC for £17,129,000.

Whilst this has presented a period of significant transition for the business, the financial performance for the 16-month period ended 31 December 2018 is in line with expectations. Turnover growth in the period was driven by distribution expansion within the UK and International market expansion, most notably in Germany, the Nordics & the US. Gross profit increased in line with Turnover. Administration expenses increased in line underlying business expansion, most notably increases in the number of employees from 114 to 134

The Group continues to invest behind the global growth of the business and the Directors consider that, in the conditions prevailing during the 16-month period, the development in the Company's business and its financial position at the end of the period was satisfactory.

PRINCIPLE RISKS AND UNCERTAINTIES**Competitive Markets**

There is a high level of competition in the herbal tea marketplace, in both the UK and across the international markets in which Pukka operates. The Company manages this risk by ensuring that the products remain true to the Pukka values, in particular by investing in new products, innovative sustainable packaging, ensuring a great taste and by maintaining its commitment to protecting the environment. This focus ensures that Pukka products retain a competitive advantage.

Financial Risks

Pukka'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 to minimize their impact on financial performance.

Credit risk is primarily attributable to trade debtors. The Company has historically had no issues with bad and doubtful debts and continues to closely monitor its outstanding debts, employing a number of traditional controls to ensure that credit risk is minimized.

Liquidity risk is managed through arrangements with the Unilever Global treasury department.

The Company's exposure to foreign exchange risk is minimized by the operation of Euro and Dollar bank accounts and the fact that foreign currency sales and purchases are broadly equal.

Brexit

Pukka has completed considerable analysis and has taken appropriate actions across the business to prepare for a range of Brexit scenarios including a no deal Brexit. Management have identified Product Flow, Pack Compliance and Tariff Costs as the most significant risks posed by Brexit. Investment in Financial and Human capital has been made to mitigate these risks, most notably an increase in Finished Goods Inventory held at our European distribution centres, investment in pack compliance solutions such as manual stickering of packs, and scenario planning on the likely commercial impact additional tariffs will have. This is in addition to ensuring our transactional systems are compliant with the requirements of a Brexit environment

PUKKA HERBS LIMITED

STRATEGIC REPORT FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

SUSTAINABLE BUSINESS

Pukka Herbs was created in 2001 with the purpose of making a positive change to people, plants and the planet through a business model that is 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."

Regenerative Organic Agriculture

Everywhere our herbs are grown, we continue to invest in farming methods and supply chains that build resilience and have a positive impact on people and the planet. Our commitment to organic grows as we do. In 2018, we bought 1,125 tonnes of organic herbs. This is 16% more organic herbs than in 2017.

We remain committed to fair sourcing. Fair for Life is one of the fairest, most equitable and transparent fair-trade systems in the world. It ensures fair and sustainable prices and decent working conditions for our growers and blending partners, as well as Pukka employees. All our teas are certified Fair for Life, which is a guarantee that at least 20% (and often far more) of the herbs in each tea blend are grown on Fair for Life certified farms, or on farms certified to an equivalent high standard. 48% of the herbs that we sourced in 2018 were certified Fair for Life as well as 100% organic. We have committed to maintain our Fair for Life sourcing at a target of 50% as the overall volume of herbs we buy grows. In 2018 we paid £326,989 in community fair premiums to support farmers and growers.

Although there are many definitions out there, for Pukka, regenerative organic agriculture means following progressive organic principles with third-party certification. It also requires measurable improvement in low-carbon farming practices, positive social impact (particularly empowering women), sustainable water stewardship and biodiversity enhancement. It aims to grow nutritious and health-promoting foods and medicines, limit climate change, drive social welfare, conserve water and promote wildlife. During 2018 we established a Pukka Life Impact Fund to help our farmers and growers use these practices – initially focusing on building resilience to climate instability into our value chain.

Herbal Wellbeing Revolution

We are unlocking the benefits of herbs to human health through our world-leading research, innovative education, purposeful advocacy and award-winning herbal creations. We passionately believe there is much to learn from the medical wisdom of traditional healing systems, coupled with an expert understanding of scientific research. We're calling for a herbal health and wellbeing revolution to help our society appreciate the benefits of herbs to human health. During 2018 we partnered with 9 universities to develop world-leading herbal research into the efficacy of herbs as well as gaining better understanding of people's attitudes to their health.

Force for Good

We are always striving to cultivate conscious living and reduce our environmental impact - and we want businesses and individuals to join us. We believe in the power of business as a force for good. As a certified B Corp, we are rigorously assessed on how we are delivering our mission in the most ethical and sustainable ways possible. We had our latest B Corp audit during 2018 and we boosted our score by 10.8 points to 104.1 out of 200 (FY16: 93.3), with our overall improvement being highly commended by our B Lab certifiers. The median score for non-B Corp businesses is 50.9.

We achieved this through a number of steps to positive change including developing a solution to make the envelopes that wrap our teabags recyclable, a significant challenge as they need to keep each individual teabag fresh with essential oils intact. This ground-breaking innovation will be rolled out across all our teas in 2019 and we are happy to share the technology we've pioneered with other tea companies.

In 2018 we became one of only 13 companies in the UK to have our climate goal independently validated by the Science Based Targets Initiative (SBTi). Our scope Gas and Electricity targets are in line with the need to limit global warming to 1.5 degrees.

PUKKA HERBS LIMITED

STRATEGIC REPORT FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

We are also a certified carbon neutral Company. This means we annually measure our operational carbon footprint and our data is audited by Carbonfootprint.com. We then offset our total operational emissions, plus a few additional measures including our staff commuting. Our offset in 2018 was 2,294 t CO₂e. Our VCS-certified offsets help to invest in forest conservation in the Amazon rainforest one of the world's 'biodiversity hotspots'.

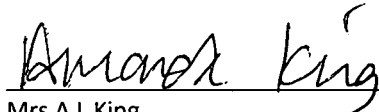
Since 2016, we've given more than £1.5 million to environmental causes through our commitment to 1% for the Planet. The non-profits that we choose to support share our passion for connecting people with the power of nature and the health and wellbeing benefits of herbs. They help us tell our story of operating as a sustainable business, supporting people, plants and the planet. In 2018, we donated £748,945. Around half of our total was

in the form of Fair for Life and FairWild premiums that we pay to our farmers and producers to invest in community projects. The rest was mainly through strategic partnerships with charities such as the Natural History Museum, the Eden Project and Foundation Good Planet, other sustainability projects and support in our local community.

FINANCIAL KEY PERFORMANCE INDICATORS

The Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the Board on 19 September and signed on its behalf by Mrs A L King on 19 September 2019.



Mrs A L King
Director

Registered Office: 100 Victoria Embankment, London, EC4Y 0DY
Company registration number: 04275539

PUKKA HERBS LIMITED

**STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS REPORT
AND THE FINANCIAL STATEMENTS**

The Directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

PUKKA HERBS LIMITED

DIRECTOR'S REPORT FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

The Company have extended the year end to 31 December, therefore these Statutory Accounts cover a 16 month period. The Directors present their report and the financial statements for the period ended 31 December 2018.

PRINCIPAL ACTIVITY

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 benefits of organic herbs beneficial to as many people as possible. At the date of writing the report the Directors are not aware of any likely changes in activities of the Company in the forthcoming year.

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £11,443,000 (2017: Loss £ (2,876,000)).

No dividend was paid during the period (2017: £314,000).

DIRECTORS

The Directors who held office during the year were:

Mr P Fenwick

Ms A L King

Mr J Sullivan (resigned 15 June 2018)

Mr K Vandamme (appointed 17 July 2018)

GOING CONCERN

Notwithstanding an operating loss for the period of £5,490,000 and operating cash outflows for the period, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

- The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through current working capital and cash balances, to meet its liabilities as they fall due for that period.
- Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

POLITICAL DONATIONS

The Company made no political donations nor incurred any political expenditure during the period (2017: £Nil).

RESEARCH AND DEVELOPMENT

During the period Pukka invested £771,533 (2017: £329,715) into various research and development projects, primarily in the area of product development.

FUTURE DEVELOPMENTS

The acquisition of the Company by Unilever presents growth opportunities through the leverage of Unilever distribution channels. The continuation and acceleration of consumer trends towards health, welfare and the environment mean that there is a wealth of opportunities for the business both in the UK and internationally.

PUKKA HERBS LIMITED

DIRECTOR'S REPORT FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

DISCLOSURE OF INFORMATION TO AUDITOR

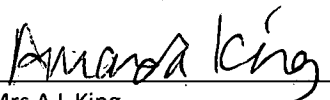
The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Grant Thornton UK LLP appointment as external auditor of the Company expired on 6 September 2017 following the acquisition of Pukka Herbs Limited by Unilever PLC. As a result of the audit tender KPMG LLP have been appointed as the auditor of the Company by way of ordinary resolution of members in accordance with Section 485 of the Companies Act 2006. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG, Chartered Accountants, will therefore continue in office.

This report was approved by the board on 19 September 2019 and signed on its behalf by Mrs A L King on 19 September 2019.


Mrs A L King
Director

Registered Office: 100 Victoria Embankment, London, EC4Y 0DY

Company registration number **04275539**

PUKKA HERBS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUKKA HERBS LIMITED

Opinion

We have audited the financial statements of Pukka Herbs Limited ("the Company") for the 16 month period ended 31 December 2018, which comprise the Profit & Loss Account and Other Comprehensive Income, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

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

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

PUKKA HERBS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUKKA HERBS LIMITED

Going concern (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Company will continue in operation.

Strategic Report and Directors' Report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PUKKA HERBS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PUKKA HERBS LIMITED

Auditor's responsibilities

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

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

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

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



Nicholas Willis (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
Canary Wharf
London
E14 5GL

[Date]

25 September 2019

PUKKA HERBS LIMITED

PROFIT & LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

	Note	For the 16 months ended 31 December 2018 £000	For the year ended 31 August 2017 £000
Turnover	3	56,406	34,119
Cost of sales		<u>(35,198)</u>	<u>(20,278)</u>
Gross profit		21,208	13,841
Administrative expenses		<u>(26,698)</u>	<u>(17,120)</u>
Operating loss	5	(5,490)	(3,279)
Profit on disposal of intangibles	4	15,918	-
Interest receivable/(payable)	9	<u>25</u>	<u>(165)</u>
Profit/(Loss) on ordinary activities before taxation		10,453	(3,444)
Taxation on Profit on ordinary activities	10	<u>990</u>	<u>568</u>
Profit/(loss) and other comprehensive income		<u>11,443</u>	<u>(2,876)</u>

The notes on pages 13 to 29 form part of these financial statements.

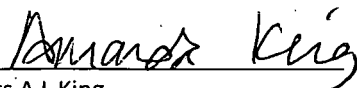
PUKKA HERBS LIMITED

BALANCE SHEET

	Note	31 December 2018 £000	31 August 2017 £000
Fixed assets			
Intangible assets	12	529	1,240
Tangible assets	13	1,304	469
		1,833	1,709
Current assets			
Inventory	15	7,891	6,628
Debtors (including £41,000 (2017: nil) due after more than one year)	16	13,928	7,871
Cash at bank and in hand		6,954	329
		28,773	14,828
Current liabilities			
Creditors: Amounts falling due within one year	18	(11,807)	(16,208)
Net current assets/(liabilities)		16,966	(1,380)
Net assets		18,799	329
Capital and reserves			
Called up Share Capital	19	-	-
Share Premium Account		25	25
Capital contribution reserves		7,027	-
Profit and loss account		11,737	294
Shareholders' funds		18,799	329

The notes on pages 13 to 29 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 September 2019 and were signed on its behalf by Mrs A L King on 19 September 2019.


 Mrs A L King
 Director

PUKKA HERBS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018**

	Called up share capital £000	Share Premium Account £000	Capital Contribution Reserves £000	Profit and loss account £000	Total equity £000
At 1 September 2017	10	25	-	294	329
Total comprehensive income for the period					
Profit and comprehensive income for the year	-	-	-	11,443	11,443
Capital Contribution	-	-	7,027	-	7,027
At 31 December 2018	10	25	7,027	11,737	18,799

On acquisition, a capital contribution of £7,027,000 was made to the Company, by its parent, Unilever UK Group Limited.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017**

	Called up share capital £000	Share Premium Account £000	Capital Contribution reserves £000	Profit and loss account £000	Total equity £000
At 1 September 2016	10	25	-	736	771
Total comprehensive income for the period					
Loss and comprehensive income for the year	-	-	-	(2,876)	(2,876)
Dividends: Equity capital	-	-	-	(315)	(315)
Share based payment movement	-	-	-	2,749	2,749
At 31 August 2017	10	25	-	294	329

A charge of £2,749,000 was made in respect of vested share options made to employees.

The notes on pages 13 to 29 form part of these financial statements.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.0 ACCOUNTING POLICIES**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

Pukka Herbs Limited is a private company incorporated, domiciled and registered in the UK. The registered number is 04275539 and the registered office is 100 Victoria Embankment, London, EC4Y 0DY.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Accounting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has been set out below where advantages of the FRS 101 disclosure exemptions have been taken.

Pukka Herbs Limited transitioned from FRS 102 to FRS 101 on 1 September 2017. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The Company has made no measurement and recognition adjustments.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 September 2017 have not been restated.
- Fair value or revaluation as deemed cost – At 1 September 2017, fair value has been used as deemed cost for properties previously measured at fair value.

The Company's ultimate parent undertaking, Unilever PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Unilever PLC are prepared in accordance with International Financial Reporting Standards and provided in the published Unilever PLC Annual Report, available at www.unilever.com.

In these financial statements, where applicable, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy; and
- Disclosures in respect of compensation of key management personnel.
- Certain disclosure regarding revenue
- Disclosures in respect of capital management

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

As the consolidated financial statements of Unilever PLC includes equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures where applicable:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.2 MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis.

1.3 GOING CONCERN

Notwithstanding an operating loss for the period of £5,490,000 and operating cash outflows for the period, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

- The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through current working capital and cash balances, to meet its liabilities as they fall due for that period.
- Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

1.4 INTANGIBLE ASSETS

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

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less cost to sell and its value in use. An impairment loss is recognized where the carrying amount is higher than the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life should not exceed 10 years.

The estimated useful lives range as follows:

Software	3 years
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NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.5 TANGIBLE FIXED ASSETS

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

Depreciation is charged by allocating the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Long-term leasehold property	5 years
Plant and machinery	4 years
Motor vehicles	3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

1.5 RESEARCH AND DEVELOPMENT

Development costs are capitalized within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits. These 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 statement of comprehensive income.

1.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

1.7 TRADE DEBTORS

Debtors are measured at fair value, transactional price for activities supplied in the ordinary course of business less any impairment. If collection is due in one year or less (or in the normal operating cycle of the business if longer), they are classified as due within one year. If not, they are presented as due after more than one year.

1.8 CASH AT BANK AND IN HAND

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.9 INVENTORY

Inventory are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on a standard cost of methodology whereby costs are continuously monitored and updated to reflect prevailing cost of purchase. Work in progress and finished goods include attributable overheads.

The impairment loss is recognised immediately in the Profit and Loss Account.

1.10 TRADE CREDITORS

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. If payment is due in one year or less, they are classified as due within one year. If not, they are presented as due after more than one year.

1.11 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1.11 FOREIGN CURRENCY TRANSLATION

The Company's functional and presentational currency is GBP.

Transactions in foreign currencies are translated to the Company's functional currencies using the spot exchange rates at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.12 TURNOVER

Turnover comprises sales of goods after deduction of discounts, and sales taxes. Discounts given by the Company include rebates, price reductions and incentives given to customers, promotional couponing and trade communication costs. Accumulated experience is used to estimate the provision for discounts using the most likely amount method: revenue is only recognized to the extent that it is highly probable, and a significant reversal will not occur.

Turnover is recognised when control of the products being sold has transferred to our customer and when there are no longer any unfulfilled obligations to the customer. This is generally on delivery to the customer but depending on individual customer terms, this can be at the time of dispatch or delivery. This is considered appropriate point where the performance obligations in our contracts are satisfied as the Company no longer has control of the inventory.

1.13 FINANCE COSTS

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

1.14 OPERATING LEASES: LESSEE

Rentals paid under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

1.16 PENSIONS AND OTHER POST-RETIREMENT BENEFITS**Defined contribution pension plan**

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

The contributions are recognized as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in the accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered fund.

1.17 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

1.18 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income tax is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised or that the Company has determined it is appropriate to recognise the deferred tax asset as it is recoverable due to the fact that the Company is part of a UK group for group relief purposes.

2 JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of trade debtors

The Company makes an estimate of the recoverable value of the trade debtors. When assessing impairment of trade debtors, management considers factors including the ageing profile of receivables and historical experience;

Impairment of inventory

The Company has recognised provisions for obsolete and slow moving stock in its financial statements which require management to make judgments. The judgment, estimates and associated assumptions necessary to calculate these provisions are based on historic experience and other reasonable factors.

Recoverability of deferred tax assets

The Company has recognised a significant deferred tax asset which requires judgment for determining the extent of its recoverability at the balance sheet date. The Company assesses recoverability with reference to forecasts on future taxable profits. These forecasts require the use of assumptions and estimates.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

3 ANALYSIS OF TURNOVER

Turnover comprises the invoiced value of the sales of goods and services after deduction of discounts and sales taxes. Turnover is recognised when the risks and rewards of the underlying products have been substantially transferred from the Company to the customer.

The Company is engaged in the sale of consumer products and in the opinion of the Directors, does not carry on classes of business substantially different from each other. Consequently, no segmental analysis of the business is included in these financial statements.

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Sale of goods	56,406	34,119
Turnover	56,406	34,119
	2018 £000	2017 £000
United Kingdom	23,286	15,288
Rest of Europe	25,180	14,107
Rest of the world	7,940	4,724
Total Turnover	56,406	34,119

4 PROFIT ON DISPOSAL OF INTANGIBLE ASSETS

	Trademarks £000
Trademarks as at 6 September 2017	1,275
Accumulated amortisation	(63)
	1,212
Sale to Unilever PLC	17,130
Profit on disposal of trademarks	15,918

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

5 OPERATING PROFIT

	Note	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
The operating profit/(loss) is stated after debiting :			
Research and development charged as an expense		772	330
Exchange adjustments		144	23
Operating lease expenditure		428	141
<i>Depreciation</i>			
- on owned tangible fixed assets		435	183
<i>Amortisation</i>			
- on intangible assets		324	42
Loss on disposal of assets		28	10

6 AUDITOR'S REMUNERATION

The Company paid the following amount to its auditors in respect of the audit of the financial statements:

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Audit of these financial statements	49	39

7 EMPLOYEE INFORMATION

The average number of persons employed by the Company during the period, analysed by category, was as follows:

	16 month period ended 31 December 2018 Number of employees	Year ended 31 August 2017 Number of employees
Administration	94	86
Sales	32	20
Warehousing	8	8
Total	134	114

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

7 EMPLOYEE INFORMATION (CONTINUED)

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

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Staff Costs		
Wages and salaries	7,841	7,879
Social security costs	628	473
Cost of defined contribution scheme	463	141
Total	8,932	8,493

8 DIRECTORS' REMUNERATION

The detailed emoluments of directors who served during the period, and were remunerated by the Company, are below:

All Directors	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Aggregate emoluments	153	69
Company contribution to defined contribution pension schemes	-	7
Highest paid Director		
	16 month period end 31 December 2018 £000	Year ended 31 August 2017 £000
Aggregate emoluments	153	34
Company contribution to defined contribution pension schemes	-	4

One director was paid by the Company in 2018, the remaining directors were paid by other Unilever companies on behalf of their services to the Group, including this Company.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

9 INTEREST RECEIVABLE/(PAYABLE)

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Bank interest	(8)	(165)
Group interest	33	-
Total	25	(165)

10 TAXATION

The taxation (charge)/credit is made up as follows:

Recognised in the profit and loss account

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
<i>UK corporation tax</i>		
Current tax on income for the year	(1,331)	5
Adjustments in respect of prior period	-	(11)
Double taxation relief	-	(5)
	-	1
Total current tax (credit)	(1,331)	(10)
<i>Deferred tax (note 16)</i>		
Origination and reversal of temporary differences	408	(523)
Adjustments in respect of prior periods	(24)	(34)
Effect of change in tax rate on opening balances	(43)	(1)
Total deferred tax charge/(credit)	341	(558)
Total tax (credit) on profit on ordinary activities	(990)	(568)

The current UK corporate tax rate that has been used for the period is 19% (2017 : 19.58%). This is on the basis that the rate changed from 20% to 19% as of 1 April 2017. A further reduction to the main rate was substantively enacted on 6 September 2016 to reduce the rate to 17% from 1 April 2020.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

10 TAXATION (CONTINUED)

The total tax assessed for the period is lower (2017: lower) than the standard rate of corporation taxation in the UK of 19% (2017: 19.58%). The differences are explained below:

	16 month period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Reconciliation of tax expense		
Profit / (Loss) for the year	10,453	(3,444)
Tax using the UK corporation tax rate of 19% (2017: 19.58%)	1,986	(674)
Effects of:		
Income not taxable	(3,018)	-
Non-deductible expenses	49	34
Recognition of previously unrecognised tax losses	-	6
Double tax relief	-	2
Difference in tax rate for current and deferred tax	(43)	83
(Under)/over provided in prior years	(24)	(46)
Deferred tax not recognised	-	27
Exempt amounts	60	-
Total tax credit	(990)	(568)

11 DIVIDENDS

	Period ended 31 December 2018 £000	Year ended 31 August 2017 £000
Dividends paid on equity capital	-	314
Total	-	314

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

12 INTANGIBLE ASSETS

	Trademarks £000	Computer Software £000	Total £000
Cost			
At 1 September 2017	1,263	110	1,373
Additions	12	815	827
Sale to group company	(1,275)	-	(1,275)
Disposals	-	(2)	(2)
At 31 December 2018	-	923	923
Amortisation			
At 1 September 2017	63	70	133
Sale to group company	(63)	-	(63)
Charge for the year	-	324	324
At 31 December 2018	-	394	394
Net book value			
At 31 December 2018	-	529	529
At 31 August 2017	1,200	40	1,240

The Company sold its Trademarks to Unilever PLC for £17,129,000 immediately after acquisition, on 6 September 2017.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

13 TANGIBLE ASSETS

	Buildings £000	Plant and Machinery £000	Motor Vehicles £000	Total £000
Cost				
At 1 September 2017	290	597	90	977
Additions	794	508	-	1,302
Disposals	(67)	(14)	(20)	(101)
At 31 December 2018	1,017	1,091	70	2,178
Accumulated depreciation				
At 1 September 2017	126	309	73	508
Depreciation charge	182	238	15	435
Disposals	(43)	(8)	(18)	(69)
At 31 December 2018	265	539	70	874
Net book value				
At 31 December 2018	752	552	-	1,304
At 31 August 2017	163	288	18	469

14 INVESTMENTS

Subsidiary undertakings and associates

The investments are in subsidiary undertakings and associates of the Company. Their names together with their country of incorporation/registration are listed below. A description of the shares held and the proportion held is also shown below:

Name	Country of incorporation	Class of shares held	Holding Direct %	Principal activity
Pukka Herbs Inc	US	Ordinary	100%	Sale of organic herbal teas and remedies

The Company holds 100 ordinary shares of US\$0.001.

15 INVENTORY

	2018 £000	2017 £000
Raw materials and consumables	2,850	1,994
Work in progress	15	618
Finished goods and goods for resale	5,026	4,016
	7,891	6,628

Raw materials and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £30,482,000 (2017 : £19,398,000). The write-down of stocks to net realisable value amounted to £690,000 (2017 : £15,000). The write-down and reversal are included in cost of sales.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

16 DEBTORS

	2018 £000	2017 £000
Due after more than one year		
Deferred taxation	41	-
Total	41	-
Due within one year		
Deferred taxation	128	510
Trade debtors	5,470	4,642
Amounts owed by Group undertakings	5,206	733
Other debtors	1,370	347
Prepayments and accrued income	382	1,627
Recoverable tax	1,331	12
Total	13,887	7,871
Total debtors	13,928	7,871

Amounts owed from Group undertakings include balances with Unilever U.K. Central Resources Limited which are interest bearing, unsecured and payable on demand. All debtors owed by Group are current and their fair value is equivalent to their carrying value.

17 DEFERRED TAX ASSETS AND LIABILITIES

	Deferred Taxation £'000
At 1 September 2017	510
Charged to Profit and Loss	(341)
At 31 December 2018	169

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £000	Assets 2017 £000	Liabilities 2018 £000	Liabilities 2017 £000	Net 2018 £000	Net 2017 £000
Fixed assets	41	-	-	(24)	41	(24)
Tax losses carried forward	-	19	-	-	-	19
Other short term temporary differences	128	515	-	-	128	515
Total deferred tax asset	169	534	-	(24)	169	510

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

17 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in deferred tax during the period:

	1 September 2017	Recognised in income	Recognised in statement of other comprehensive income	Group transfer	31 December 2018
	£000	£000	£000	£000	£000
Fixed assets	(24)	65	-	-	41
Losses carried forward	19	(19)	-	-	-
Other short term temporary differences	515	(387)	-	-	128
Total deferred tax asset	510	(341)	-	-	169

Movement in deferred tax during the prior year:

	1 September 2016	Recognised in income	Recognised in statement of other comprehensive income	Group transfer	30 September 2017
	£000	£000	£000	£000	£000
Tangible fixed assets	(67)	43	-	-	(24)
Losses carried forward	-	19	-	-	19
Other short term temporary differences	19	496	-	-	515
Total deferred tax asset	(48)	558	-	-	510

At the balance sheet date, the Company had unused tax losses of £475,388 (2017: £398,271) available for offset against future taxable profits. A deferred tax asset of £80,816 (2017: £48,151) has not been recognised in respect of the unused tax losses because Directors cannot be certain of the timing of any future taxable profits against which the losses can be utilised.

PUKKA HERBS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018

18 CREDITORS

	2018 £000	2017 £000
Amounts falling due within one year		
Bank loans and overdrafts	-	4,952
Other loans	-	2,536
Trade creditors	6,127	5,801
Other Creditors	387	-
Amounts owed to Group undertakings	996	-
Other taxation and social security	149	782
Accruals	4,148	2,137
Total creditors	11,807	16,208

Amounts owed from Group undertakings include balances with Unilever U.K. Central Resources Limited which are interest bearing, unsecured and payable on demand. All debtors owed by Group are current and their fair value is equivalent to their carrying value.

19 CALLED UP SHARE CAPITAL

	2018 £000	2017 £000
Allotted, called up and fully paid		
1,0430,200 ordinary shares of £0.01 each	10	10
Total	10	10

20 LEASE COMMITMENTS

At 31 December 2018, the Company had annual commitments under non-cancellable operating leases expiring as follows:

	2018 £000	2017 £000
Within 1 year	447	244
Within 2 to 5 years	1,739	322
After 5 years	1,324	538
Total	3,510	1,104

The Company leases office accommodation and warehouses.

PUKKA HERBS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE 16 MONTH PERIOD ENDED 31 DECEMBER 2018****21 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 £462,608 (2017: £140,507). At the year end the Company had contributions outstanding of £22,015 (2017: £4,130).

22 CONTROLLING PARTY

The ultimate parent Company and controlling party is Unilever PLC and the immediate holding Company is Unilever UK Holdings Limited, both companies incorporated in the United Kingdom. The Company has not disclosed transactions with fellow, wholly owned subsidiaries in accordance with the exemption under the terms of FRS 101 as the ultimate parent Company produces publicly available consolidated financial statements. These financial statements are both the smallest and largest group to consolidate these financial statements. Copies of Unilever Group financial statements can be publicly obtained from Unilever PLC, Corporate Secretaries department 100 Victoria Embankment, London EC4 ODY and www.unilever.com.