Co's House

Financial Statements

Pukka Herbs Limited

For the Year Ended 31 August 2017

Registered number: 04275539

Pukka Herbs Limited

Company Information

Directors	Mr T M Westwell (resigned 6 September 2017) Mr S F C Pole (resigned 6 September 2017) Mr P W Fenwick (appointed 6 September 2017) Ms A L King (appointed 6 September 2017) Mr J Sullivan (appointed 6 September 2017)
Company secretary	Mr T M Westwell (resigned 6 September 2017) Mr J Earley (appointed 6 September 2017) Mr R C Hazell (appointed 6 September 2017) Ms S Magol (appointed 6 September 2017)
Registered number	04275539
Registered office	100 Victoria Embankment London EC4Y 0DY
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor 2 Glass Wharf Bristol BS2 0EL

Contents

Group Strategic Report
For the Year Ended 31 August 2017

Introduction

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 2017, during which sales grew by 28% (FY16 = 25%), meaning Pukka continues to be the fastest growing organic tea brand in the world.

	Year ending 31 Aug 2017	Year ending 31 Aug 2016	Change %
	£000	£000	
Net revenue	35,907	27,988	28%
Cost of sales	(20,082)	(15,374)	31%
Gross profit	15,825	12,614	25%
Gross profit %	44%	45%	-2%
Distribution costs	(1,966)	(1,725)	14%
Administrative expenses (excl. depreciation & amortisation)	(16,914)	(10,743)	57%
EBITDA	(3,055)	146	-2192%
Depreciation & amortisation	(225)	(143)	57%
Net interest payable	(165)	(152)	9%
Loss before taxation	(3,445)	(149)	2212%

The strong sales growth is driven by distribution and rate of sale development across all territories in which the company trades, in both herbal teas and supplements. Despite input cost pressures driven by foreign exchange fluctuations and a commitment to the best quality herbs, gross profit has remained broadly flat at 44% (FY16 = 45%).

The negative EBITDA position in FY17 is primarily caused by a one off share based payment of £2.7m following the sale of the business to Unilever on 6 September 2017. Excluding this cost, the EBITDA remains negative as the business continues its investment strategy to accelerate sales growth in this and future financial years.

Exceptional items

There were no exceptional items in the year.

Group Strategic Report (continued)
For the Year Ended 31 August 2017

Financial instruments

During the year the company used a variety of short term financing tools that are typical for businesses of this type. The directors ensure that the company always has sufficient funds to cover its repayments. The company does not use derivative financial instruments such as foreign currency exchange contracts.

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 is a wealth of opportunities for the business both in the UK and internationally.

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 its commitment to protecting the environment. 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 their impact on financial performance.

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 broadly equal.

Group Strategic Report (continued)

For the Year Ended 31 August 2017

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."

Our sustainability vision supports this mission:

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

Pukka's inspiration starts with our herbal teas and supplements, 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, 100% of the teas and wellbeing supplements are certified organic with 968 tonnes of organic herbs purchased in FY17.

Following Fair for Life certification of all teas in FY16, Pukka continues to convert further herbs under the same scheme and expects a number of herbal supplements to become certified in the forthcoming year. In addition to, but also under the umbrella of Fair for Life, we increased the number of FairWild certified teas from 27 to 31. Pukka also developed 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. The plan is to roll this innovation out across all our teas in the UK during 2018.

At the forefront of Pukka's sustainability strategy is how to address the global risk of climate change. In FY15 we set a new target to become carbon neutral by 2030. In 2017 we celebrated being certified carbon neutral in our operations for the third year running. We continue to offset any carbon footprint by investing in a Gold Standard 'cookstove' project in India, a project that reduces greenhouse gas emissions from forest degradation, and also improves the wellbeing of rural communities.

As well as climate change, much of our sustainability work in 2017 has been on building climate resilience into our value chain. To understand this better, we mapped our carbon footprint from 'crop to cup'. This confirmed that our biggest carbon impact is kettle boiling, which is why we launched a campaign to educate consumers on how to 'smart boil'. The second biggest carbon impact is our agricultural supply chain. To begin to address this we identified the most carbon intensive crops and potentially carbon lowering farming practices. In 2018 we will start with our top ten herbs by volume and track our progress. We've also used the carbon footprint data to inform our science-based carbon reduction target, which we'll submit to the Science Based Carbon Initiative in early 2018. By setting these targets we're joining global efforts to limit global warming to less than two degrees.

Pukka maintained their commitment to 1% for the Planet during FY17, a global movement of companies donating at least 1% of their turnover to environmental organisations worldwide. In FY17 Pukka donated over £425,000 to environmental causes.

Group Strategic Report (continued)
For the Year Ended 31 August 2017

Finally, as a registered B-Corporation, Pukka continues to promote the B Corp movement and the use of business as a force for good. During 2018, Pukka will have to recertify under the rigorous B-Corp standards.

This report was approved by the board on 29 MAY 2018 and signed on its behalf.

Amanda King

A L King
Director

Directors' Report
For the Year Ended 31 August 2017

The directors present their report and the financial statements for the year ended 31 August 2017.

Results and dividends

The loss for the year, after taxation, amounted to £2,876,701 (2016 - loss £173,661).

Dividends paid in the year ending 31 August 2017 amounted to £314,000 (2016: £323,200).

Directors

The directors who served during the year were:

Mr T M Westwell (resigned 6 September 2017)
Mr S F C Pole (resigned 6 September 2017)

Since year end the following directors were appointed:

Mr P W Fenwick (appointed 6 September 2017)
Mr A L King (appointed 6 September 2017)
Mr J Sullivan (appointed 6 September)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report (continued)

For the Year Ended 31 August 2017

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

Post balance sheet events

Subsequent to the year end, on 6 September 2017, the company was acquired by Unilever. Unilever Plc is therefore the ultimate parent company from this date.

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 29 MAY 2018 and signed on its behalf.

Amanda King

A L King
Director

Grant Thornton

Independent Auditor's Report to the Shareholders of Pukka Herbs Limited

Opinion

We have audited the financial statements of Pukka Herbs Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 August 2017, which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 August 2017 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Who we are reporting to

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.

Grant Thornton

Independent Auditor's Report to the Shareholders of Pukka Herbs Limited (continued)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Grant Thornton

Independent Auditor's Report to the Shareholders of Pukka Herbs Limited (continued)

Matters on which we are required to report by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

Independent Auditor's Report to the Shareholders of Pukka Herbs Limited (continued)

Auditors' responsibilities for the audit of the financial statements

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

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

Grant Thornton UK LLP

Amrish Shah (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Senior Statutory Auditor
Bristol
Date: 29 May 2018

Consolidated Statement of Comprehensive Income
For the Year Ended 31 August 2017

	Note	2017 £	2016 £
Turnover	4	**35,907,265**	27,987,895
Cost of sales		**(20,081,752)**	(15,373,993)
Gross profit		**15,825,513**	12,613,902
Distribution costs		**(1,965,773)**	(1,724,944)
Administrative expenses		**(17,139,121)**	(10,903,958)
Other operating income	5	**25**	17,553
Operating (loss)/profit	6	**(3,279,356)**	2,553
Interest payable and similar charges	10	**(165,146)**	(152,293)
Loss before taxation		**(3,444,502)**	(149,740)
Tax on loss	11	**567,801**	(23,921)
Loss for the financial year		**(2,876,701)**	(173,661)
Currency translation differences		**58,553**	(76,453)
Other comprehensive income for the year		**58,553**	(76,453)
Total comprehensive income for the year		**(2,818,148)**	(250,114)

The notes on pages 17 to 35 form part of these financial statements.

Pukka Herbs Limited
Registered number:04275539

Company Statement of Financial Position

As at 31 August 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	14		**1,239,561**		219,109
Tangible assets	15		**469,146**		429,643
			1,708,707		648,752
Current assets					
Stocks	17	**6,628,411**		5,151,283	
Debtors: amounts falling due within one year	18	**7,871,007**		5,407,992	
Cash at bank and in hand	19	**328,914**		169,119	
		14,828,332		10,728,394	
Creditors: amounts falling due within one year	20	**(16,208,301)**		(9,732,203)	
Net current (liabilities)/assets			**(1,379,969)**		996,191
Total assets less current liabilities			**328,738**		1,644,943
Creditors: amounts falling due after more than one year	21		**-**		(826,729)
Provisions for liabilities					
Deferred taxation		**-**		(47,664)	
			-		(47,664)
Net assets			**328,738**		770,550
Capital and reserves					
Called up share capital	25		**10,000**		10,000
Share premium account	26		**24,990**		24,990
Profit and loss account	26		**293,748**		735,560
			328,738		770,550

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

29 MAY 2018

Ms A L King
Director

The notes on pages 17 to 35 form part of these financial statements.

Pukka Herbs Limited
Registered number:04275539

Consolidated Statement of Financial Position

As at 31 August 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	14		**1,239,561**		219,109
Tangible assets	15		**469,146**		429,643
			1,708,707		648,752
Current assets					
Stocks	17	**7,299,353**		5,603,207	
Debtors: amounts falling due within one year	18	**7,247,069**		4,922,174	
Cash at bank and in hand	19	**360,569**		242,508	
		14,906,991		10,767,889	
Creditors: amounts falling due within one year	20	**(16,334,814)**		(9,877,755)	
Net current (liabilities)/assets			**(1,427,823)**		890,134
Total assets less current liabilities			**280,884**		1,538,886
Creditors: amounts falling due after more than one year	21		**-**		(826,729)
Provisions for liabilities					
Deferred tax		**-**		(47,664)	
			-		(47,664)
Net assets			**280,884**		664,493
Capital and reserves					
Called up share capital	25		**10,000**		10,000
Share premium account	26		**24,990**		24,990
Foreign exchange reserve	26		**(13,997)**		(72,550)
Profit and loss account	26		**259,891**		702,053
			280,884		664,493

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 MAY 2018

Annabelle King

Ms A L King
Director

The notes on pages 17 to 35 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 31 August 2017

	Called up share capital	Share premium account	Foreign exchange reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 September 2015	100	24,990	3,903	1,208,814	1,237,807
Comprehensive income for the year					
Loss for the year	-	-	-	(173,661)	(173,661)
Change in translation reserve	-	-	(76,453)	-	(76,453)
Other comprehensive income for the year	-	-	(76,453)	-	(76,453)
Total comprehensive income for the year	-	-	(76,453)	(173,661)	(250,114)
Dividends: Equity capital	-	-	-	(323,200)	(323,200)
Shares issued during the year	9,900	-	-	-	9,900
Impact of bonus issue on reserves	-	-	-	(9,900)	(9,900)
Total transactions with owners	9,900	-	-	(333,100)	(323,200)
At 1 September 2016	10,000	24,990	(72,550)	702,053	664,493
Comprehensive income for the year					
Loss for the year	-	-	-	(2,876,701)	(2,876,701)
Change in translation reserve	-	-	58,553	-	58,553
Other comprehensive income for the year	-	-	58,553	-	58,553
Total comprehensive income for the year	-	-	58,553	(2,876,701)	(2,818,148)
Dividends: Equity capital	-	-	-	(314,222)	(314,222)
Share based payment movement	-	-	-	2,748,761	2,748,761
Total transactions with owners	-	-	-	2,434,539	2,434,539
At 31 August 2017	10,000	24,990	(13,997)	259,891	280,884

The notes on pages 17 to 35 form part of these financial statements.

Company Statement of Changes in Equity

For the Year Ended 31 August 2017

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 September 2015	**100**	**24,990**	**1,240,046**	**1,265,136**
Comprehensive income for the year				
Loss for the year	-	-	(171,386)	(171,386)
Total comprehensive income for the year	-	-	(171,386)	(171,386)
Dividends: Equity capital	-	-	(323,200)	(323,200)
Shares issued during the year	9,900	-	-	9,900
Impact of bonus issue on reserves	-	-	(9,900)	(9,900)
Total transactions with owners	9,900	-	(333,100)	(323,200)
At 1 September 2016	**10,000**	**24,990**	**735,560**	**770,550**
Comprehensive income for the year				
Loss for the year	-	-	(2,876,351)	(2,876,351)
Total comprehensive income for the year	-	-	(2,876,351)	(2,876,351)
Dividends: Equity capital	-	-	(314,222)	(314,222)
Share based payment movement	-	-	2,748,761	2,748,761
Total transactions with owners	-	-	2,434,539	2,434,539
At 31 August 2017	**10,000**	**24,990**	**293,748**	**328,738**

The notes on pages 17 to 35 form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 31 August 2017

	2017 £	2016 £
Cash flows from operating activities		
Loss for the financial year	**(2,876,701)**	(173,661)
Adjustments for:		
Amortisation of intangible assets	**42,272**	25,510
Depreciation of tangible assets	**182,609**	144,918
Exchange differences	**58,553**	(76,453)
Loss on disposal of tangible assets	**9,811**	8,928
Interest paid	**165,146**	152,293
Taxation charge	**(567,801)**	23,921
(Increase) in stocks	**(1,696,146)**	(883,349)
(Increase) in debtors	**(1,803,160)**	(811,185)
Increase/(decrease) in creditors	**2,103,641**	(45,106)
Share based payment charge	**2,748,761**	-
Corporation tax (paid)	**(12,977)**	(208,092)
Net cash generated from operating activities	**(1,645,992)**	(1,842,276)
Cash flows from investing activities		
Purchase of intangible fixed assets	**(1,070,998)**	(110,648)
Purchase of tangible fixed assets	**(223,649)**	(157,086)
Net cash from investing activities	**(1,294,647)**	(267,734)
Cash flows from financing activities		
New secured loans	**3,250,566**	1,380,074
Other new loans	**287,502**	316,275
Repayment of finance leases	**-**	(3,325)
Dividends paid	**(314,222)**	(323,200)
Interest paid	**(165,146)**	(152,293)
Net cash used in financing activities	**3,058,700**	1,217,531
Net increase/(decrease) in cash and cash equivalents	**118,061**	(892,479)
Cash and cash equivalents at beginning of year	**242,508**	1,134,987
Cash and cash equivalents at the end of year	**360,569**	242,508
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**360,569**	242,508
	360,569	242,508

1. General information

Pukka Herbs Limited is in the business of manufacturing and selling organic herbal teas and herbal remedies. Pukka Herbs Limited is a private limited UK incorporated company with its subsidiary, Pukka Herbs Inc. being registered in the US. The registered office is 100 Victoria Embankment, London, EC4Y 0DY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2.3 Going concern

The financial position of the Group, its liquidity position and principle risks and uncertainties are described in the Strategic report.

The directors have reviewed the Group's business plan and profit and loss forecasts and have evaluated relationships with key suppliers and customers. The directors have also taken into consideration the ability to draw down funds on demand from Unilever Global Treasury following the acquisition of Pukka Herbs Limited by Unilever Plc subsequent to the balance sheet date. As a result, the directors believe that the Group has adequate resources to continue operations for the foreseeable future being a period of not less than twelve months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.4 Revenue

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

Sale of goods

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

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

2.5 Intangible assets

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

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 costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds 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 shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	33% straight line
Trademarks	-	10% straight line

2.6 Tangible fixed assets

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

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 costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- 20% straight line
Plant and machinery	- 25% straight line
Motor vehicles	- 33% straight line

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

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

2.7 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 the the Consolidated statement of comprehensive income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks 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 the cost of purchase on a first in, first outbasis. Work in progress and finished goods include attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the Financial Statements

For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.12 Financial instruments

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

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

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

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.14 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.15 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 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 Year Ended 31 August 2017

2. Accounting policies (continued)

2.17 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the Financial Statements
For the Year Ended 31 August 2017

2. Accounting policies (continued)

2.21 Current and deferred taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the Year Ended 31 August 2017

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

In preparing financial statements in accordance with FRS 102, management is required to make judgements on the basis of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reporting period.

Management reviews the estimates and assumptions on a continuous basis, by reference to past experiences and other factors that can reasonably be used to assess the book values of assets and liabilities. Adjustments to accounting estimates are recognised in the period in which the estimate is revised if the change affects only that period or in the period of the revision and subsequent periods, if both periods are affected.

Actual results may differ from those estimates.

Judgements and estimates that have the most significant impact on the amounts reported in these financial statements and have a risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Provision for obsolete and slow moving inventories - Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by the market-driven changes that may reduce future selling prices.

Provision for bad and doubtful debts - Provisions are made for significantly overdue items on the debtor's ledger with specific provision for debtors in financial difficulty. The directors have assessed the recoverability of the balance due to the Company from its subsidiary based on strategic plans and forecasts of the entity.

Useful lives of Tangible Assets - Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Useful lives of Intangible Assets - Items are amortised over the the period for which the group expects to obtain benefit of the intangibe assets.

Additions to Trademarks are capitalised when payments to acquire them are supported by cash flow forecasts.

Sales accruals (promotional accruals) – where invoices have not been received from customers for retrospectively funded promotions estimates are made based using actual gross sales into the customer, agreed funding amounts and buy in dates.

Sales accruals (customer investment via international distributors) – Pukka part funds sales and marketing costs incurred by some of our international distributors up to an agreed % of sales. Estimates of these costs have to be made to allow for the delay in receiving recharges from the distributors.

Legal provisions – provisions are made by management in respect of outstanding legal cases based on the legal advice received at that time.

Notes to the Financial Statements

For the Year Ended 31 August 2017

4. Turnover

The whole of the turnover is attributable to the sale of herbal teas and herbal remedies.

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**16,325,899**	13,346,540
Rest of Europe	**13,876,659**	10,188,463
Rest of the world	**5,704,707**	4,452,892
	35,907,265	27,987,895

5. Other operating income

	2017	2016
	£	£
Other operating income	**25**	17,553
	25	17,553

6. Operating (loss)/profit

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

	2017	2016
	£	£
Research and development charged as an expense	**329,715**	229,079
Depreciation of tangible fixed assets	**182,609**	182,609
Amortisation of intangible assets, including goodwill	**42,272**	25,510
Loss on disposal of assets	**9,811**	8,928
Exchange differences	**23,111**	(60,172)
Operating lease rentals	**140,507**	199,509

Notes to the Financial Statements
For the Year Ended 31 August 2017

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**39,000**	33,000

Fees payable to the Group's auditor and its associates in respect of:

	2017 £	2016 £
Taxation compliance services	**18,937**	7,275
Other services relating to taxation	**27,465**	45,226
	46,402	52,501

8. Employees

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

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	**7,972,774**	3,865,580	**7,879,430**	3,865,580
Social security costs	**473,084**	359,379	**473,084**	359,379
Cost of defined contribution scheme	**140,507**	102,659	**140,507**	102,659
	8,586,365	4,327,618	**8,493,021**	4,327,618

Wages and salaries include a charge in respect of share based payments amounting to £2,748,761 for options granted to employees which have vested.

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

	2017 No.	2016 No.
Administration	**86**	65
Sales	**20**	18
Warehousing	**8**	7
	114	90

Notes to the Financial Statements

For the Year Ended 31 August 2017

9. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	**69,203**	54,355
Company contributions to defined contribution pension schemes	**7,200**	1,800
	76,403	56,155

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

10. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	**165,146**	152,293
	165,146	152,293

11. Taxation

	2017 £	2016 £
Current tax on profits for the year	**5,185**	12,066
Adjustments in respect of previous periods	**(11,458)**	(5,793)
Double taxation relief	**(5,185)**	(3,226)
Foreign tax on income for the year	**1,571**	-
Foreign tax in respect of prior periods	**-**	3,226
Total current tax	**(9,887)**	6,273
Deferred tax		
Origination and reversal of timing differences	**(523,477)**	11,244
Adjustments in respect of prior periods	**(33,659)**	10,451
Effect of change in tax rate on opening balances	**(778)**	(4,047)
Total deferred tax	**(557,914)**	17,648
Tax charge/(credit) on Loss on ordinary activities	**(567,801)**	23,921

The current UK corporate tax rate that has been used for the year is 19.58% (2016: 20%). 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.

Notes to the Financial Statements

For the Year Ended 31 August 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.58% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	**(3,444,502)**	(149,740)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.58% (2016 - 20%)	**(674,433)**	(30,818)
Effects of:		
Expenses not deductible/(income not taxable) for tax purposes	**37,558**	61,287
Capital allowances for year in excess of depreciation	**891**	-
Other permanent differences	**238**	-
Losses carried back	**5,729**	-
Differences between standard and actual rate	**-**	(5,295)
Adjustments to tax charge in respect of prior periods	**-**	4,657
Foreign tax credits	**1,571**	-
Adjustment in respect of prior periods (current & inter-co)	**(11,485)**	-
Adjustment in respect of prior periods (deferred tax)	**(33,659)**	-
Adjust closing deferred tax to average rate	**81,576**	-
Adjust opening deferred tax to average rate	**1,230**	-
R and D expenditure uplift	**(5,091)**	(5,910)
Deferred tax not recognised	**27,095**	-
Group relief surrendered/(claimed)	**979**	-
Total tax charge/(credit) for the year	**(567,801)**	23,921

12. Dividends

	2017 £	2016 £
Dividends paid on equity capital	**314,222**	323,200
	314,222	323,200

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £2,876,351 (2016 - loss £171,386).

14. Intangible assets

Group and Company

	Trademarks £	Computer software £	Total £
Cost			
At 1 September 2016	204,873	107,726	312,599
Additions	1,068,285	2,713	1,070,998
Disposals	(10,193)	-	(10,193)
At 31 August 2017	1,262,965	110,439	1,373,404
Amortisation			
At 1 September 2016	41,980	51,510	93,490
Charge for the year	23,229	19,043	42,272
On disposals	(1,919)	-	(1,919)
At 31 August 2017	63,290	70,553	133,843
Net book value			
At 31 August 2017	1,199,675	39,886	1,239,561
At 31 August 2016	162,893	56,216	219,109

The additions to trademarks include the acquisition of rights to sell a greater range of products under the Pukka brand.

15. Tangible fixed assets

Group and Company

	Long-term leasehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 September 2016	313,505	440,134	90,292	843,931
Additions	12,688	210,961	-	223,649
Disposals	(36,422)	(53,562)	-	(89,984)
At 31 August 2017	289,771	597,533	90,292	977,596
Depreciation				
At 1 September 2016	112,765	258,886	42,637	414,288
Charge for the year on owned assets	49,861	102,650	30,098	182,609
Disposals	(36,422)	(52,025)	-	(88,447)
At 31 August 2017	126,204	309,511	72,735	508,450
Net book value				
At 31 August 2017	163,567	288,022	17,557	469,146
At 31 August 2016	200,740	181,248	47,655	429,643

Notes to the Financial Statements
For the Year Ended 31 August 2017

16. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Pukka Herbs Inc.	Ordinary	100 %	Sale of organic herbal teas and herbal remedies

The company holds 1,000 ordinary shares of US$0.001 which remain unpaid.

17. Stocks

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Raw materials and consumables	**1,993,996**	1,847,519	**1,993,996**	1,847,519
Work in progress	**617,786**	129,594	**617,786**	129,594
Finished goods and goods for resale	**4,687,571**	3,626,094	**4,016,629**	3,174,170
	7,299,353	5,603,207	**6,628,411**	5,151,283

18. Debtors

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Trade debtors	**4,699,660**	4,092,355	**4,642,429**	3,838,640
Amounts owed by group undertakings	-	-	**733,389**	743,902
Other debtors	**351,622**	206,320	**346,464**	206,320
Prepayments and accrued income	**1,674,052**	623,499	**1,626,990**	619,130
Tax recoverable	**11,485**	-	**11,485**	-
Deferred taxation	**510,250**	-	**510,250**	-
	7,247,069	4,922,174	**7,871,007**	5,407,992

19. Cash and cash equivalents

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Cash at bank and in hand	**360,569**	242,508	**328,914**	169,119
	360,569	242,508	**328,914**	169,119

Notes to the Financial Statements
For the Year Ended 31 August 2017

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Bank loans	**4,952,433**	2,527,867	**4,952,433**	2,527,867
Other loans	**2,535,779**	2,248,277	**2,535,779**	2,248,277
Trade creditors	**5,882,096**	3,166,470	**5,801,296**	3,094,110
Corporation tax	**-**	7,792	**-**	7,634
Other taxation and social security	**787,175**	417,317	**781,477**	417,317
Other creditors	**40,011**	73,039	**-**	-
Accruals	**2,137,320**	1,436,993	**2,137,316**	1,436,998
	16,334,814	9,877,755	**16,208,301**	9,732,203

21. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Bank loans	**-**	826,729	**-**	826,729
	-	826,729	**-**	826,729

22. Loans

Bank loans and overdrafts of £2,700,886 (2016: £3,354,596) are secured by way of fixed and floating charges over the fixed and current assets of the company. Invoice discounting facilities of £2,251,547 (2016: £2,248,277) are secured on associated trade debtors.

All outstanding loan facilities were settled shortly after year end as part of the acquisition of Pukka Herbs Limited by Unilever.

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Amounts falling due within one year				
Bank loans	**4,952,433**	2,527,867	**4,952,433**	2,527,867
Other loans	**2,535,779**	2,248,277	**2,535,779**	2,248,277
	7,488,212	4,776,144	**7,488,212**	4,776,144
Amounts falling due 1-2 years				
Bank loans	**-**	826,729	**-**	826,729
	7,488,212	5,602,873	**7,488,212**	5,602,873

Notes to the Financial Statements
For the Year Ended 31 August 2017

23. Financial instruments

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Financial assets				
Financial assets measured at amortised cost	**5,411,851**	4,541,183	**6,051,196**	4,957,981
	5,411,851	4,541,183	**6,051,196**	4,957,981
Financial liabilities				
Financial liabilities measured at amortised cost	**(15,567,348)**	(10,279,375)	**(15,446,533)**	(10,133,981)
	(15,567,348)	(10,279,375)	**(15,446,533)**	(10,133,981)

Financial assets measured at amortised cost comprise trade debtors, other debtors and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise bank loans, other loans, trade creditors, other creditors and accruals.

24. Deferred tax

Group and company

	2017 £
At beginning of year	**(47,664)**
Charged to profit and loss	**557,914**
At end of year	**510,250**

The deferred tax asset/(liability) is made up as follows:

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Accelerated capital allowances	**(24,370)**	(67,306)	**(24,370)**	(67,306)
Tax losses carried forward	**19,555**	-	**19,555**	-
Short term timing differences	**515,065**	19,642	**515,065**	19,642
	510,250	(47,664)	**510,250**	(47,664)

Deferred tax assets have not been recognised in respect of unused tax losses of £27,095.

Notes to the Financial Statements
For the Year Ended 31 August 2017

25. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1,000,000 A Ordinary shares of £0.01 each	**10,000**	10,000

26. Reserves

Share premium account

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign exchange reserve

Includes the cumulative effect of the currency translation of foreign operations on consolidation.

Profit and loss account

Includes all current and prior period retained profits and losses, less any dividends paid.

27. Share based payments

On 28 July 2016 the company issued 51,800 options over B Ordinary shares to employees with an exercise price of £0.62. The options shall become exercisable on the fifth anniversary of the date of grant or, if earlier, immediately prior to a share sale or an exit event. The options were valued based on recent transactions in the industry. As the business was sold to Unilever on 6 September 2017, the options were fully vested and as such the full charge of £2,748,761 was recognised during the year.

28. Pension commitments

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £102,659 (2016: £102,659). At the year end the group had contributions outstanding of £4,310 (2016: £4,310).

Notes to the Financial Statements

For the Year Ended 31 August 2017

29. Commitments under operating leases

At 31 August 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	**Company 2017 £**	Company 2016 £
Not later than 1 year	**244,310**	263,330	**244,310**	263,330
Later than 1 year and not later than 5 years	**322,397**	500,252	**322,397**	500,252
Later than 5 years	**537,328**	209,495	**537,328**	209,495
	1,104,035	973,077	**1,104,035**	973,077

30. Related party transactions

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

The key members of management are considered to be the directors. Refer to note 9 for the details of compensation paid to key members of management.

31. Controlling party

The company has no controlling shareholders.

Subsequent to the year end, on 6 September 2017, the company was acquired by Unilever. Unilever Overseas Holdings Limited is the immediate parent company and Unilever Plc is the ultimate parent company as of this date.