

Registered No. 05183743

Ella's Kitchen (Brands) Limited

Annual Report and Financial Statements

For the year ended 30 June 2017

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Company information

for the year ended 30 June 2017

Directors

DM Faltischek

PJ Lindley

ID Simon

MNJ Cuddigan

P Conte

Resigned 30 June 2017

JM Langrock

Appointed 30 June 2017

Secretary

N Keen

Auditors

Ernst & Young LLP

400 Capability Green

Luton

LU1 3LU

Registered Office

Ella's Barn

22 Greys Green Farm

Rotherfield Greys

Henley-on-Thames

Oxfordshire

RG9 4QG

Strategic report

for the year ended 30 June 2017

The directors present their strategic report for the year ended 30 June 2017.

REVIEW OF THE BUSINESS

The company's principal activities during the period continued to be the manufacture and sale of organic baby food in the UK and internationally. Sales are made direct to retailer or via distributors, depending on the market.

In our 11th year we continued to work to deliver profitable sales growth in all markets, through increased distribution and product portfolio. We have sustained our investment in team, IT and infrastructure to enable growth alongside increased complexity as the business develops.

The key performance indicators for the year were as follows:

	2017	2016	Change %
Revenue	65,725,945	56,927,924	+15.5
Gross Profit	22,929,383	22,012,287	+4.2
Operating profit	8,453,208	8,854,962	-4.5
Tiny Tummy Touch Points (TTTPs)*	133 million	122 million	+9.0
Customer complaints per million TTTPs	14.0	10.4	+34.2
Net Promoter Score**	61.5	68.0	-9.6

* TTTP is a portion of food for an infant or equivalent for non-food items.

**Net Promoter or Net Promoter Score (NPS) is a management tool we use to measure employee engagement.

Revenue increased by 15.5% over the previous year with UK sales increasing by 15% and international sales increasing by 17.4% (all international markets excluding the US and Canada). Sales of Ella's Kitchen products in the US and Canada are made through The Hain Celestial Group, Inc.

We continue to work to a global target of 1,000 million Tiny Tummy Touch Points (TTTPs) and, in the year, sales from Ella's Kitchen (Brands) Ltd contributed 133 million Tiny Tummy Touch Points toward achieving this target. By the end of FY17 we had recorded just over 899 million Tiny Tummy Touch Points globally.

As a values led company our focus and strategic direction continue to be driven by our Mission:

"Our mission is to improve children's lives through developing healthy relationships with food".

Further evaluation of the literature review we commissioned from the British Nutritional Foundation in FY16 led to the publishing of our Veg for Victory Greener paper. This looked at the evidence to support a "vegetables first" approach to weaning.

During FY17 we again worked with Save the Children to support their Families and Schools Together (FAST) programme by contributing profits from sales of our Jingle Belly Christmas dinner pouch, and we are committed to delivering our farm and market garden trips for local schools. In recognition of the mission related work done at Ella's Kitchen, we were awarded the Giving Something Back Award by Best Companies in January 2017.

Strategic report

for the year ended 30 June 2017

Our people are our most important asset. Our success depends on their confidence, capability and performance. In January 2017 we were proud to be listed as 22nd in the Best Companies Top 100 Small Employers to Work for. We use the Employee Net Promoter Score as our KPI to measure staff engagement. This is measured twice a year as part of our regular employee feedback process. In March 2017 the Net Promoter score was 61.5.

Sustainability

We take our responsibility to the environment and to our business partners very seriously. In FY14 we set ourselves an ambitious goal – our “Dream” - which is a 10 year plan to sustainably source all raw materials while maintaining a mutually beneficial relationship with our suppliers. Our plan focuses on five key areas - livelihoods, environment, waste, animal welfare and ingredients - under which we have set 20 targets to help us address the most material issues we have identified across our value chain.

We are working with organisations such as The Carbon Trust who have helped us measure and understand our environmental impact, local and national food banks such as Fareshare who use our donated products to help feed vulnerable families across the UK, and Compassion in World Farming who've recognised our commitment to sourcing meat and dairy from farms with high animal welfare standards by awarding us the Good Chicken and Good Egg awards. Ella's employees are responsible for working on these strategies as part of individual KPIs.

During the year we began work on a tool to allow us to collect information on social and environmental performance from our key suppliers. This will be rolled out in FY18 and will give us the information we need to prepare sustainability reports in the future; to benchmark suppliers and to work with them to improve standards in our value chain. This sustainability reporting will provide transparency - allowing us to manage our key risks and hold us accountable to the targets set.

In May 2017 we recertified as a B Corporation. We demonstrated that the company had improved its standards of accountability, transparency and social and environmental performance. B Corporation is a global movement of companies, spanning 42 countries across 130 industries, who have all been recognised as pioneering companies that use business as a force for good. Our certification as a B Corporation is an endorsement of our success in environmental strategy and our commitment to improving it. We've been recognised globally by the B Corporation movement with the 'Collective Voice Award' for our commitment to growing awareness of the certification.

PRINCIPAL RISKS & UNCERTAINTIES

Ella's Kitchen operates in many highly competitive grocery markets around the world. Competitive threats come from other branded baby food companies as well as own label products. Own label brands remain strong in a number of international markets, potentially negatively impacting sales. We mitigate these risks by investing in our innovation pipeline, bringing new products to market and maintaining strong relationships with our customers.

Despite these market challenges, Ella's Kitchen increased market share in the UK during the year, outperforming the market and growing its share of wet baby food by 4.3% in the 52 weeks ended 30th June 2017. The calculation of market share of wet baby food has been amended during the year to include Smoothie Fruits. Our restated market share for FY17 was 39.7%. Growth has been achieved through additional distribution and new product development.

Operating in the organic baby food market, we are subject to very stringent regulations covering raw material supply, packaging, finished product, labelling and marketing claims amongst other areas. In order to maintain our brand reputation and customer confidence it is important that we meet these regulations;

Strategic report

for the year ended 30 June 2017

delivering high quality products consistently. Failure to do so may result in litigation or legal proceedings which would expose the company both financially and have a negative impact to our brand.

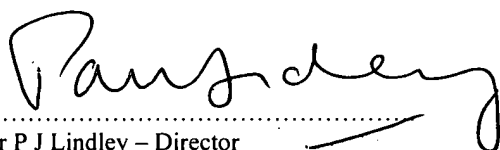
We have created a highly skilled internal technical team and established relationships with external bodies, such as our local enforcement authority, to ensure that all aspects of our finished products are compliant with relevant laws and regulations and meet our consumers' expectations.

With customers and suppliers in countries outside of the UK, exposure to foreign exchange movements is a key risk for the company. A significant proportion of the company's cost of sales is denominated in Euros or US dollars, while the majority of sales are made in sterling. Ella's Kitchen uses foreign exchange contracts to reduce exposure to the variability of future exchange rate movements and has a strategic focus on increasing exports into Europe to enhance the Euro revenue stream.

In the short and medium term the company faces additional risks related to Brexit and the resulting legal, regulatory and economic uncertainty. Ella's Kitchen may be faced with additional foreign exchange volatility, regulatory changes and customs restrictions or tariffs. The Directors of the company will monitor the situation closely over the coming years and act proactively and decisively as required to minimise disruption.

The Directors have a shared sense of passion and excitement for the future of Ella's Kitchen, with both entry into new markets and innovative new products on the horizon. We are confident in our ability to exceed ever-changing consumer expectations - delivering the healthier food they desire and being a business that operates with a purpose beyond profit alone.

ON BEHALF OF THE BOARD



Mr P J Lindley – Director

22 MAR 2018

Date:

Directors' report

for the year ended 30 June 2017

The directors present their report and financial statements for the year ended 30 June 2017.

RESULTS AND DIVIDENDS

The results for the company are set out in the primary financial statements (pages 11-13). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company was that of manufacture and distribution of children's and baby food.

DIRECTORS

The directors who served the company throughout the year were as follows:

DM Faltischek

PJ Lindley

ID Simon

MNJ Cuddigan

P Conte Resigned 30 June 2017

JM Langrock Appointed 30 June 2017

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, its financial position, its financial risk management objectives, details of its financial instruments and its exposure to competitive, credit and foreign currency risk are described in the business review on page 3.

The company has considerable financial resources and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the continued uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Directors' report (continued)

for the year ended 30 June 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

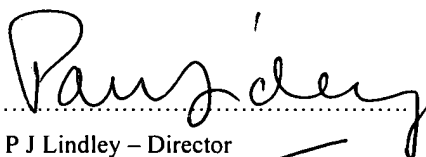
The directors are responsible for preparing the Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102: The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE BOARD



Mr P J Lindley – Director

22 MAR 2018

Date:

Independent auditor's report

to the members of Ella's Kitchen (Brands) Limited

Opinion

We have audited the financial statements of Ella's Kitchen (Brands) Limited for the year ended 30 June 2017 which comprise the Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 21, 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 FRS 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 company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

Independent auditor's report

to the members of Ella's Kitchen (Brands) Limited

Other information

The other information comprises the information included in the annual report (set out on pages 3 to 5) other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 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 strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

Independent auditor's report

to the members of Ella's Kitchen (Brands) Limited

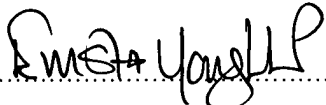
going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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



Juliet Thomas (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

Date: 22/03/2018

Statement of Total Comprehensive Income

for the year ended 30 June 2017

	Notes	2017 £	2016 £
Revenue	2	65,725,945	56,927,924
Cost of sales		(42,796,562)	(34,915,637)
Gross Profit		22,929,383	22,012,287
Administrative expenses		(14,517,714)	(13,158,372)
Other operating income		41,539	1,047
Operating profit	5	8,453,208	8,854,962
Interest receivable and similar income	6	173,638	174,113
Interest payable and similar charges	7	(193,096)	(136,388)
Profit on ordinary activities before taxation		8,433,750	8,892,687
Tax on profit on ordinary activities	8	(1,710,305)	(1,823,431)
Profit for the financial year		6,723,445	7,069,256
Other comprehensive income			
Foreign currency translation differences for foreign operations		-	-
Derivative cash flow hedges, net of tax		51,767	-
Reclassified from hedging reserve		-	139,636
Total comprehensive income for the financial year		6,775,212	7,208,892

Continuing Operations

The Statement of Total Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

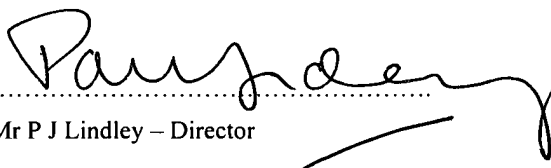
Statement of Financial Position

as at 30 June 2017

Registered No. 05183743

		2017 £	2016 £
Non-current assets			
Tangible assets	9	398,002	529,027
Intangible assets	10	92,956	130,491
		<u>490,958</u>	<u>659,518</u>
Current assets			
Inventories	11	4,567,868	3,996,771
Trade and other receivables:			
Amounts falling due within one year	12	23,102,794	22,122,287
Amounts falling due after one year		5,875	5,875
Cash at bank and in hand		19,928,630	12,314,391
Deferred tax asset	15	30,015	37,387
		<u>47,635,182</u>	<u>38,476,711</u>
Trade and other payables: amounts falling due within one year	13	(22,060,146)	(19,845,447)
		<u>25,575,036</u>	<u>18,631,264</u>
Net current assets			
		<u>26,065,994</u>	<u>19,290,782</u>
Net assets			
		<u>26,065,994</u>	<u>19,290,782</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	26,065,894	19,290,682
Total equity	21	<u>26,065,994</u>	<u>19,290,782</u>
		<u>22 MAR 2018</u>	

The financial statements were approved by the Board of Directors on and were signed on its behalf by:



 Mr P J Lindley – Director

Statement of Changes in Equity

for the year ended 30 June 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2015	100	12,081,790	12,081,890
Profit for the financial year	-	7,069,256	7,069,256
			139,636
Other comprehensive expense for the financial year, net of tax	-	139,636	
Total comprehensive income for the financial year	-	7,208,892	7,208,892
Balance at 30 June 2016	100	19,290,682	19,290,782
Profit for the financial year	-	6,723,445	6,723,445
Other comprehensive income for the financial year, net of tax	-	51,767	51,767
Total comprehensive income for the financial year	-	6,775,212	6,775,212
Balance at 30 June 2017	100	26,065,894	26,065,994

Notes to the financial statements

for the year ended 30 June 2017

1. Accounting policies

1.1 Statement of compliance

Ella's Kitchen (Brands) Limited is a limited liability company incorporated in England. The Registered Office is Ella's Barn, 22 Greys Green Farm, Rotherfield Greys, Henley-on-Thames, Oxfordshire, RG9 4QG.

The company's financial statements have been prepared in compliance with FRS 102 for the year ended 30 June 2017.

The financial statements are prepared in sterling, which is the functional currency of the company.

1.2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key judgements that have had the most significant effect on amounts recognised in the financial statements are in relation to the level of provisions held for rebates.

1.3 Going concern

The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern. The directors have made themselves aware of all relevant information and have prepared appropriate forecasts and on this basis are comfortable that there are no material uncertainties.

1.4 Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions under the provisions of FRS 102:

- (i) The requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv) to prepare a reconciliation of the number of equity shares outstanding at the beginning and at the end of the financial year;
- (ii) The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a statement of cash flows;
- (iii) The requirements of Section 11 paragraphs 11.39 to 11.48(a) and Section 12 paragraphs 12.26 to 12.29A, regarding disclosures for financial liabilities and assets, as the equivalent disclosures required by FRS 102 are included in the consolidated financial statements of the group in which the entity is consolidated; and
- (iv) From disclosing the company key management personnel compensation, as required by Section 28; and the requirement of Section 33 Related Party Disclosures paragraph 33.9 to disclose related party transactions with other members of the Ella's Kitchen group.

1.5 Revenue recognition

Revenue, which is stated net of value added tax, is defined as the amount invoiced to external customers during the year. This includes gross sales net of trade discounts, customer allowances, returns and promotions. Revenue is recognised at the time that the risks and rewards of ownership of the products are transferred to the customer.

Notes to the financial statements

for the year ended 30 June 2017

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible assets are stated at cost or valuation less accumulated depreciation and impairments. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	33% on cost
Fixtures and fittings	-	25% on cost
Computer equipment	-	33% on cost
Building	-	33% on cost

1.7 Intangible fixed assets

Intangible assets are stated at cost or valuation less accumulated amortisation and impairments. Amortisation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer software	-	33% on cost
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1.8 Inventories

Inventories are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is determined on a first in first out (FIFO) basis.

1.9 Foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the profit and loss account in the line which most appropriately reflects the nature of the item or transaction.

1.10 Leasing commitments

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

1.11 Pension costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

1.12 Equity-settled share-based payments

Prior to the acquisition by The Hain Celestial Group, Inc., the company issued equity-settled share-based payments to certain employees. These options were cancelled and settled by Hain as part of the acquisition. Options in The Hain Celestial Group, Inc. have been granted to certain employees. The resulting charge is not material to the company.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of the grant. The fair value so determined has been expensed on a straight line basis over the vesting period, based on the company's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

Fair value is measured using a Black-Scholes-Merton option pricing model. The key assumptions used in the model have been adjusted where appropriate, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Notes to the financial statements

for the year ended 30 June 2017

1. Accounting policies (continued)

1.13 Invoice discounting charges

The charges for Confidential Invoice Discounting are charged to the profit and loss account as they are charged by the lender except arrangement fees and transaction costs which are amortised over the term of the agreement.

1.14 Derivative Instruments

The company has exposure to foreign exchange risk to the extent that its purchases are mostly denominated in foreign currency. The company enters into cash flow hedges in order to manage exposure to exchange rate fluctuations in the future.

The effective portion of the hedge is presented in the other comprehensive income (OCI) and any ineffective portion of the hedge is recognised in the income statement immediately. Once the hedging relationship ends, the amount within OCI is recognised in the income statement.

1.15 Deferred Tax

Deferred tax is recognised in respect of all timing differences at the reporting date that are differences between taxable profit and total comprehensive income as stated in the financial statements. These timing differences relate to transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future, which have occurred at the reporting date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Revenue

Revenue is attributable to the one principal activity of the company.

An analysis of Revenue by geographical market is given below:

	2017 £	2016 £
United Kingdom	52,864,065	45,977,426
Overseas	12,861,880	10,950,498
	<u>65,725,945</u>	<u>56,927,924</u>

Notes to the financial statements

for the year ended 30 June 2017

3. Staff Costs

	2017	2016
	£	£
Wages and salaries	4,559,568	3,841,347
Social security costs	551,988	501,665
Other pension costs	146,438	133,330
	<u>5,257,994</u>	<u>4,476,342</u>

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

	2017	2016
	£	£
Administration	14	12
Operations	51	43
Management	3	3
	<u>68</u>	<u>58</u>

4. Directors' Emoluments

	2017	2016
	£	£
Directors' remuneration	468,089	466,692
Directors' pension contributions to money purchase schemes	39,058	24,039
	<u></u>	<u></u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2
	<u></u>	<u></u>

Information regarding the highest paid director is as follows:

	2017	2016
	£	£
Remuneration	287,818	286,978
Pension contributions to money purchase schemes	17,940	11,842
	<u></u>	<u></u>

Notes to the financial statements

for the year ended 30 June 2017

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Hire of equipment	2,412	2,839
Operating leases – land & buildings	90,597	83,708
Operating leases – other	10,233	9,539
Depreciation - owned assets	245,892	227,373
Amortisation – intangibles	69,330	64,001
Loss on disposal of fixed assets	83,278	41,658
Foreign exchange differences	74,913	137,940
Audit fees	30,000	30,000

6. Interest receivable and similar income

	2017 £	2016 £
Other interest received	-	-
Interest on intercompany loans	173,638	174,113
	<u>173,638</u>	<u>174,113</u>

7. Interest payable and similar charges

	2017 £	2016 £
Bank interest	-	-
Other interest	-	1,895
Interest on intercompany loans	193,096	134,493
	<u>193,096</u>	<u>136,388</u>

Notes to the financial statements

for the year ended 30 June 2017

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2017 £	2016 £
<i>Current tax:</i>		
UK Corporation tax at 19.75% (2016 – 20%)	1,705,338	1,810,854
Adjustment in respect of prior periods	10,335	52,207
<i>Total Current Tax</i>	<u>1,715,673</u>	<u>1,863,061</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(43,041)	(31,915)
Adjustment in respect of prior periods	37,673	(7,715)
<i>Tax expense in the income statement</i>	<u>1,710,305</u>	<u>1,823,431</u>

(b) Tax included in total other comprehensive income

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

	2017 £	2016 £
<i>Deferred tax:</i>		
Unrealised loss on derivatives	12,740	34,909
<i>Total tax charge/(credit)</i>	<u>12,740</u>	<u>34,909</u>

(c) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	8,433,750	8,892,687
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.75% (2016 – 20%)	<u>1,665,666</u>	<u>1,778,537</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	12,156	3,000
Intercompany debt restructuring	-	(6)
Adjustment in respect of prior year	30,993	44,492
Change in tax rate	1,490	(2,592)
<i>Total tax charge</i>	<u>1,710,305</u>	<u>1,823,431</u>

Notes to the financial statements

for the year ended 30 June 2017

9. Tangible assets

	Plant & Machinery £	Fixtures & Fittings £	Computer Hardware £	Land & Buildings £	Totals £
Costs					
At 1 July 2016	412,002	135,039	93,314	154,643	794,998
Additions	144,258	49,771	1,331	-	195,360
Disposals	(169,483)	-	(23,933)	-	(193,416)
At 30 June 2017	386,777	184,810	70,712	154,643	796,942
Depreciation					
At 1 July 2016	(148,714)	(39,675)	(30,716)	(46,866)	(265,971)
Charge for the year	(131,286)	(34,613)	(28,445)	(51,548)	(245,892)
Eliminated on disposal	97,662	-	15,261	-	112,923
At 30 June 2017	(182,338)	(74,288)	(43,900)	(98,414)	(398,940)
Net Book Value					
At 30 June 2017	204,439	110,522	26,812	56,229	398,002
At 30 June 2016	263,288	95,364	62,598	107,777	529,027

Notes to the financial statements

for the year ended 30 June 2017

10. Intangible assets

	Computer Software
	£
Costs	
At 1 July 2016	245,569
Additions	34,539
Disposals	(8,980)
At 30 June 2017	271,128
Depreciation	
At 1 July 2016	(115,078)
Charge for the year	(69,330)
Eliminated on disposal	6,236
At 30 June 2017	(178,172)
Net Book Value	
At 30 June 2017	92,956
At 30 June 2016	130,491

11. Inventories

	2017 £	2016 £
Raw materials and packaging	299	479
Finished goods	4,567,569	3,996,292
	<u>4,567,868</u>	<u>3,996,771</u>

The amount of impairment loss recognised in the year amounted to £238,968 (2016 - £276,168).

The cost of inventory recognised as an expense in the year amounted to £39,725,621 (2016: £32,271,915).

Notes to the financial statements

for the year ended 30 June 2017

12. Trade and other receivables

	2017	2016
	£	£
Amounts falling due within one year:		
Trade receivables	11,457,077	10,896,042
Amounts owed by group undertakings	10,207,917	10,005,808
Other debtors	772,471	777,163
Unrealised gain on cash flow hedge	64,507	-
Prepayments & accrued income	272,966	205,883
VAT	327,856	237,391
	<u>23,102,794</u>	<u>22,122,287</u>
Amounts falling due after more than one year:		
Other receivables	5,875	5,875
	<u>23,108,669</u>	<u>22,128,162</u>

Included within 'amounts owed by group undertakings' is a loan to Daniels Chilled Foods Ltd. for £8.5m. This loan is interest bearing at 2.04% and is repayable on demand.

13. Trade and other payables: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	5,003,347	5,870,751
Amounts owed to group undertakings	8,544,859	6,977,809
Social security and other taxes	132,309	125,570
Corporation tax	921,608	868,256
Other creditors	58,098	27,659
Deferred income	-	11,000
Accrued expenses	7,399,925	5,964,402
	<u>22,060,146</u>	<u>19,845,447</u>

Notes to the financial statements

for the year ended 30 June 2017

14. Operating lease commitments

The following operating lease payments are committed to be paid:

	<i>Land and buildings</i>		<i>Other operating leases</i>	
	2017	2016	2017	2016
	£	£	£	£
Expiring:				
Within one year	90,597	-	660	7,262
Between one and five years	-	84,750	9,573	1,980
	<u>90,597</u>	<u>84,750</u>	<u>10,233</u>	<u>9,242</u>

15. Deferred tax

	2017	2016
	£	£
Deferred tax asset / (liability)		
Accelerated capital allowances	42,755	37,387
Cash flow hedge	(12,740)	-
	<u>30,015</u>	<u>37,387</u>
		Deferred
		Tax
		(liability)/
		asset
		£
Balance at 1 July 2016		37,387
Credit to Income Statement during the year		5,368
Transfer to Other Comprehensive Income		(12,740)
Deferred tax asset at 30 June 2017		<u>30,015</u>

16. Called up share capital

	2017		2016	
	No.	£	No.	£
Allotted, issued and fully paid				
Ordinary 'A' shares of £1 each	100	100	100	100
		<u>100</u>		<u>100</u>

Notes to the financial statements

for the year ended 30 June 2017

17. Reserves

	Profit and loss account £
At 1 July 2016	19,290,682
Total comprehensive income for the year	6,775,212
Dividends paid	-
At 30 June 2017	26,065,894

18. Related party transactions

The company has taken advantage of the exemption available under FRS 102 paragraph 33.9 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

19. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Ella's Kitchen Group Limited, a company incorporated in the United Kingdom.

The directors consider the ultimate parent undertaking and controlling party to be The Hain Celestial Group, Inc.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Ella's Kitchen Group Limited. Copies of the financial statements can be obtained from 22 Greys Green Farm, Rotherfield Greys, Henley-on-Thames, Oxfordshire, RG9 4QG.

20. Contingent liabilities

Co-packer and packaging suppliers for Ella's Kitchen group companies hold inventories of branded packaging for use in the manufacturing process. Ella's Kitchen group companies have a possible liability to purchase this stock should the co-packer not meet its contractual duties. It is considered that this would only arise if the company unexpectedly discontinued a large number of product lines at short notice. The directors consider the likelihood of this outcome as remote.

At 30 June 2017 the maximum obligation was of £1,991,705 (2016: £1,597,245).

21. Reconciliation of movements in shareholders' funds

	2017 £	2016 £
Profit for the financial year	6,723,445	7,069,256
Unrealised gain/(loss) on derivatives	51,767	174,545
Deferred tax	-	(34,909)
Total comprehensive income	6,775,212	7,208,892
Net addition to shareholders' funds	19,290,782	12,081,890
Opening shareholder's funds	26,065,994	19,290,782
Closing shareholders' funds	26,065,994	19,290,782