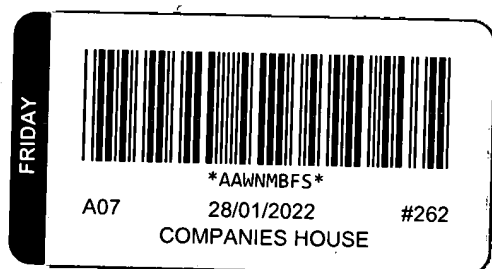


Registered No. 05183743

Ella's Kitchen (Brands) Limited

Annual Report and Financial Statements

For the year ended 30 June 2021



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Company information

for the year ended 30 June 2021

Directors

MNJ Cuddigan
ML Schiller
JH Idrovo

Secretary

N Keen

Auditors

Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

Registered Office

Ella's Barn
22 Greys Green Farm
Rotherfield Greys
Henley-on-Thames
Oxfordshire
United Kingdom
RG9 4QG

Strategic report

for the year ended 30 June 2021

The directors present their strategic report for the year ended 30 June 2021.

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 15th year we continued to deliver profitable sales growth in our core UK and International markets through increased distribution and product portfolio.

The key performance indicators for the year were as follows:

	2021	2020	Change %
Revenue	£72,733,701	£ 71,560,120	1.6
Gross Profit	£27,248,232	£ 26,553,670	2.6
Operating profit	£12,320,423	£ 11,016,527	11.8
Customer complaints per million ACUs*	14.25	13.73	3.8
Net Promoter Score**	67	76	-11.8

*ACU refers to the number of actual consumer units sold during the period.

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

Revenue increased by 1.6% over the previous year with UK sales increasing by 1.1% and international sales increasing by 4.0% (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.

Operating profit increased by 11.8% over the previous year due to higher sales and reductions in our fixed cost spend during the pandemic.

Corporate Governance Statement – s172(1) Companies Act 2006

At Ella's Kitchen we are super proud to be a certified B Corp. B Corps are businesses who meet the highest standards of social and environmental responsibility, and the rigorous assessment is proof that we are walking the walk, not just talking the talk.

Becoming a B Corp makes a business legally required to consider the impact of their decisions on their people, customers, suppliers, community, and the environment – rather than simply maximising profit for shareholders. There are lots of amazing benefits to being a B Corp such as being part of a network of inspiring companies that can share ideas and best practice as well as teaming up on campaigns to create more impact. All B Corps are independently certified every 3 years to prove that they are meeting the highest ethical and sustainable standards. We were proud to recertify this year, making steady progress since our original certification. In 2016 when we first certified we scored 81 points, and this year we're proud our score has increased to 94 points. Our goal is to reach 100 points by our next recertification (due in 2024).

Stakeholder engagement is essential to our business; we have identified our key stakeholders below and explained how they have shaped our actions and the strategic direction of Ella's Kitchen.

Strategic report

for the year ended 30 June 2021

Corporate Governance Statement – s172(1) Companies Act 2006 (continued)

Our People

People are at the heart of our business' success. We want to nurture and develop a happy and healthy team; motivated to do their jobs really well, have lots of fun doing it and to help them achieve a great work life blend too. We try to make sure we are one brand inside and out so that all of our people have the same happy, positive experience of Ella's as our consumers. Everyone at Ella's also has the opportunity to volunteer at local charities that are related to Our Mission.

Our values are at the heart of Ella's Kitchen, it's how we recruit newbies, it's how we judge and reward success, it's how we make our decisions and it's how we make sure Ella's Kitchen is always a super fun and rewarding place to work! Our values are: We Want to Win, We're Business Minded, We Think Differently, We're Good to Each Other and We're Childlike.

We invest in people to do their jobs well, achieve their potential, and make a difference. Everyone has a development money pot which is spent in line with their personal development plan. We love to promote from within where we can. We look after our people with a full wellbeing calendar and a team of mental health first aiders who are on hand to help. We aim to nurture a diverse and inclusive environment where diversity of thought is encouraged. We have a clear diversity and inclusion framework focussing on attraction, education, making a difference, a culture of togetherness and open communication.

We strongly believe in enabling a culture of leadership at Ella's Kitchen. We don't believe that leadership is something which is defined by your job title. Leaders at Ella's role model our values and support their teams. We believe that encouraging autonomy enables people to grow, develop and to feel fulfilled. It helps us create a sustainable business where contribution and responsibility are spread across the whole team rather than control being held by the few. We continually train and develop our leaders and managers to help them do their jobs well.

We have been named as one of the Sunday Times' Best Small Companies for five years running and our most recent employee Net Promoter score is 67%.

Our Consumers

At the heart of Ella's Kitchen is Our Mission to improve children's lives through developing healthy relationships with food. When we develop our yummy recipes, we always make sure they're just right for tiny tummies. That means we only use the best quality, ethically and sustainably sourced ingredients, and you'll only find good stuff in our products.

Beyond that, we'll always strive to be the voice for the under-fives, as this is the age when relationships with food – either good or bad - are formed. We promise to campaign and lobby on issues related to Our Mission and we'll always go the extra mile to make sure parents and carers have all the help they need for their little ones to grow up with happy, healthy relationships with food.

Some specific examples of how we engage with our consumers are:

- Prioritising and promoting sensory food education as being a key way to ensure little ones have a healthy relationship with food
- A comprehensive range of recipes, ideas + inspiration at ellaskitchen.co.uk to ensure our parents and carers have help and advice for every step of their weaning journey

Strategic report

for the year ended 30 June 2021

Corporate Governance Statement – s172(1) Companies Act 2006 (continued)

- Welcoming regular feedback and chatting to consumers via our extremely active social media channels, most notably via Facebook and Instagram
- Inspiring our consumers by providing tips and guidance via exceptional content delivered through social media and eCRM

Some of the most important priorities to our consumers are:

- Quality, great tasting products
- A huge variety of products suitable for all ages and stages
- Innovative new products which stretch little taste buds and help with fine motor skills
- Supportive customer care team who takes pride in understanding and supporting them
- Our commitment to the planet and being a business that operates with a purpose beyond profit alone

The directors receive regular updates in relation to our consumers, including feedback from consumer surveys and insight projects, with this information being used to inform key business decisions. Consumer happiness is a key non-financial performance indicator and is regularly monitored within the business.

Our Partners (Customers and Suppliers)

We strongly believe in the value of partnerships and work closely with a wide range of suppliers, distributors and retailers who play a vital role in our continued success. We also believe it is important to make a positive impact on the wider world and so we aim to lead and inspire our partners to become certified B Corps like us, and we are really proud that a number of partners have done so.

We always live our values when working with our partners and aim to build strong commercial relationships which are mutually beneficial through the following practices:

- Ongoing collaboration with our manufacturing partners in relation to product development, sourcing of materials and ingredients and new manufacturing technologies
- Ongoing collaboration with our distributors and retailers in order to build strategically aligned joint business plans that deliver sustainable growth
- We always strive to develop products that deliver against Our Mission, meet consumer needs, and therefore help the category to grow sustainably for the long term.

Some of the most important priorities for our partners are:

- Open, honest, and timely discussions on all areas of our joint business plans
- Sustainable sales growth, driving benefits for manufacturers or share for our distributors and retailers
- Our category expertise which helps grow the whole category, not just our sales
- Easy access to relevant decision makers across the whole of Ella's Kitchen
- Our commitment to the environment and operating with a purpose beyond profit alone

The directors receive regular updates in relation to our partners and have invested time and energy to understand the impact to our partners of key decisions and principal uncertainties, such as the risks related to Brexit and Covid-19.

Strategic report

for the year ended 30 June 2021

Corporate Governance Statement – s172(1) Companies Act 2006 (continued)

Our Community

Supporting our community is very important to us and is central to Our Mission. We believe that more can be done to help little ones grow up with a healthy relationship with food and as the UK's number 1 baby food brand, we strive to be a pioneering voice on early childhood nutrition.

Covid-19 has made it harder for many families to access the resources they need to stay healthy and, during the crisis, many families and vulnerable people across Britain struggled to enjoy healthy, affordable meals. In response, Ella's Kitchen reached out to our partners, local schools, and our network of food banks, to provide support via donations: from the start of the pandemic to June 2021, we donated over 900,000 pouches of food across the UK.

Part of these donations has gone to the Company Shop Group, which offers membership to their Company Shop stores for employees of the NHS and other key workers, and membership to their Community Shop stores to people on welfare support. With financial support from Ella's, they launched a new initiative to redistribute food and supplies to some of the worst hit communities in the UK via food parcels. Working with Covid-19 response teams at local councils, Community Shop identified the most vulnerable families and distributed to them. Many of these parcels were dedicated 'baby boxes' and went to families with little ones which also included essential items like nappies, and formula milk.

Looking forward, Ella's Kitchen is focused on looking at how we can build back fairer and healthier following Covid-19, and we are currently undertaking research to support a new campaign which examines the role of sensory food play in early years.

The directors receive regular updates in relation to our work in the community and consider the impact on communities when making key decisions.

Environment

Our Dream is our plan to make sure we do business in the right way - ethically and sustainably. Following a materiality assessment in 2018, we published our first Good Stuff We Do report (social and environmental impact report). Our Dream covers 5 pillars where we believe we have the biggest opportunity to effect change and support our people and the planet. Across the 5 pillars - Packaging, Planet, People, Ingredients and Being the Change - we have 20 targets for 2024.

During 2020, as part of Our Dream, we launched Our Big Pledge to Little People – our promise to future generations to take action on climate change. We committed to be Net Zero by 2030, alongside over 500 other B Corps, and we are working on setting Science Based Targets for our Scope 1, Scope 2, and Scope 3 emissions, which will give us a plan for how far we can reduce our emissions impact.

We know this is not enough though, so we continue to be committed to our partnership with Trees for Life to offset the emissions from our head office. We have now planted over 4,000 trees to help rewild the Scottish Highlands. In November 2020 we donated all our profits from sales from our on-line shop to support Trees for Life's amazing work.

We have also launched a partnership with international conservation charity the World Land Trust to help offset carbon emissions from our manufacturing processes. Through our partnership with the World Land Trust we are helping to protect the rainforest in Ecuador, a country where 80% of the tropical rainforest has already been destroyed.

We continue to be committed to making sure 100% of our product packaging will be widely recyclable or compostable by 2024. We're proud to have joined forces with Nestlé, Mars, Taylors of Harrogate and recycling experts SUEZ to form the Flexible Packaging Consortium and are working together to explore the opportunities for how flexible packaging can be widely collected and recycled.

Strategic report

for the year ended 30 June 2021

Corporate Governance Statement – s172(1) Companies Act 2006 (continued)

Despite the pandemic, we increased our EllaCycle recycling rates by 90% compared to FY19. In October 2020, we worked with fellow B Corp Danone to launch The Kids Food Pouch Recycling Programme; by bringing our recycling programmes together, we can expand the number of drop-off points and make it easier for parents and carers to recycle all brands of baby food and kids' yoghurt pouches.

With a big value chain, lots of our impact lies beyond our immediate control and rests with the decisions of our partners and suppliers. We have a responsibility to try to inspire them to make a difference through their business and operations. In February 2020, we were proud that our B the Change programme was recognised at the edie Sustainability Leaders Awards for supply chain excellence.

Our passionate belief in purposeful business is why we came out to support The Better Business Act this year, a campaign which calls on government to implement a change to Section 172 of the Companies Act to ensure that company directors are responsible for advancing the interests of shareholders alongside those of wider society and the environment.

The directors receive regular updates in relation to how we are performing in relation to Our Dream and our sustainability commitments and always consider the impact on the environment when making key decisions.

Key decisions made in the year

The directors define 'key decisions' as decisions and discussions which are material or strategic to Ella's Kitchen, and those that are significant to any of our stakeholder groups. The directors consider the following to be key decisions made during the year ended 30 June 2021:

European Warehouse

Following the end of the Brexit transition period on 31 December 2020, the decision was made to set up a European warehouse and distribution hub in Rotterdam to manage our European supply chain. The new hub allows us to limit the quantity of goods passing through the UK EU border, thus minimising additional administration and potential tariffs.

Covid-19

In response to the Covid-19 pandemic the directors' primary concern was, and will continue to be, the safety and wellbeing of all employees. The directors responded to the continuation of the pandemic by maintaining a responsive strategic team, who continuously monitored the situation and advised on ongoing developments, enabling the directors to make strategically important decisions on a timely basis, including; optimising supply chain operations to prioritise continuity of supply, working with customers to respond to fluctuating demand, donating over 900,000 products to national foodbanks, prioritising employee welfare at all times.

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 several international markets and we have seen the launch of several UK retailer own label ranges which has impacted the UK baby food market. We mitigate the risk of increased own label participation in all markets by investing in our innovation pipeline, bringing new products to market and maintaining strong relationships with our customers.

Strategic report

for the year ended 30 June 2021

Ella's Kitchen increased market share in the UK during the year, outperforming the market and growing its share of total ambient baby food by 1.18% pts to 30.71% in the 52 weeks ended 10th July 2021. This share number includes both wet baby and snacking products. Growth in wet baby food has been achieved through increased share of distribution points. We have continued to develop our baby and toddler snacking ranges. Share in this category grew by 1.72% pts to 15.15% in the year.

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. To maintain our brand reputation and customer confidence it is important that we meet these regulations, delivering high quality products consistently. Failure to do so may result in litigation or legal proceedings which would expose the company financially, and have a negative impact on our brand.

We have created a highly skilled internal technical team and established relationships with external bodies, 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, while most sales are made in sterling. When considered appropriate by management, Ella's Kitchen uses foreign exchange forward 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 continues to face additional risks related to Brexit, particularly due to variability and ambiguity in the interpretation and implementation of the Trade and Cooperation Agreement and the ongoing negotiations in respect of the Northern Ireland Protocol. This leads to potential legal, regulatory, and economic uncertainty and as a result Ella's Kitchen may be faced with additional foreign exchange volatility, regulatory changes and customs restrictions or tariffs. The directors have invested time and energy in understanding the risks for the business and putting in place risk mitigation where possible. They will continue to monitor the actions of the UK Government and the EU carefully to make the best decisions for ongoing business.

In the short and medium term, the company also continues to face additional risks related to Covid-19 and continuing uncertainty this brings in a number of areas. The key risks facing the Company are; supply chain disruption, delays to new product development cycles and the impact of social mobility restrictions on consumer behaviour. Whilst the situation is constantly evolving, the directors are confident that the Company's trading performance during the pandemic and financial forecasts that incorporate the aforementioned risks both indicate that the Company will continue to perform well despite the ongoing uncertainty in this area.

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

Mark Cuddigan

Mark Cuddigan (Jan 25, 2022 12:48 GMT)

Mr MNJ Cuddigan – Director

Date: Jan 25, 2022

Directors' report

for the year ended 30 June 2021

The directors present their report and financial statements for the year ended 30 June 2021.

Principal activities and review of the business

The principal activity of the company was that of manufacture and distribution of food for babies and children.

Results and dividends

The results for the company are set out in the primary financial statements (pages 16-18). No dividend was paid during the year (2020: £18,159,819).

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:

MNJ Cuddigan
ML Schiller
JH Idrovo

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.

2021 Streamlined Energy and Carbon Reporting (SECR)

At Ella's Kitchen we recognise our responsibility to minimise our impact on the natural environment and we are committed to taking action on Climate Change. We are working to measure, reduce and mitigate our carbon footprint across our value chain. As part of this, we made the commitment to become Net Zero by 2030 at COP-25, alongside over 500 other B Corps.

This statement has been prepared in accordance with our regulatory obligation to report greenhouse gas (GHG) emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 which implement the government's policy on Streamlined Energy and Carbon Reporting.

Methodology

We quantify and report our organisational GHG emissions in alignment with the World Resource Institute Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance. We consolidate our organisational boundary according to the operational control approach. We have adopted a materiality threshold of 5% for GHG reporting purposes. The GHG sources that constituted our operational boundary for the year are:

- Scope 1: Fuel oil
- Scope 2: Electricity
- Scope 3: Rental cars and reimbursed mileage

Directors' report

for the year ended 30 June 2021

In some cases, where data is missing, values have been estimated using either extrapolation of available data, or data from the previous year as a proxy.

The Scope 2 Guidance requires that we quantify and report Scope 2 emissions according to two different methodologies ("dual reporting"): (i) the location-based method, using average emissions factors for the country in which the reported operations take place; and (ii) the market-based method, which uses the actual emissions factors of the energy procured.

Greenhouse gas emissions

During the reporting period 01 July 2020 – 30 June 2021, our Scope 1 and 2 emissions (location-based) totalled 26.1 tCO₂e (2020: 43.1 tCO₂e) and our Scope 3 (business travel) emissions totalled 2.1 tCO₂e (2020: 107.9 tCO₂e). This comprised:

GHG Source		Total Emissions FY21	Total Emissions FY20
Scope 1	Combustion of fuel and operation of facilities	19.5 tCO ₂ e	29.0 tCO ₂ e
Scope 2	Electricity, location-based	6.6 tCO ₂ e	14.0 tCO ₂ e
Scope 2	Electricity, market-based	0.0 tCO ₂ e	1.2 tCO ₂ e
Total Scope 1 and 2	tCO ₂ e, location-based	26.1 tCO ₂ e	43.0 tCO ₂ e
Total Scope 1 and 2	tCO ₂ e, market-based	19.5 tCO ₂ e	30.2 tCO ₂ e
Scope 3	Business travel	2.1 tCO ₂ e	107.9 tCO ₂ e
Energy consumption	MWh	140 MWh	169 MWh
tCO ₂ e per FTE employee	Scope 1 & 2, location-based	0.3 tCO ₂ e	0.6 tCO ₂ e
tCO ₂ e per Sq Ft Floor Area	Scope 1 & 2, location-based	0.00 tCO ₂ e	0.01 tCO ₂ e
tCO ₂ e per FTE employee	Scope 1 & 2, market-based	0.3 tCO ₂ e	0.4 tCO ₂ e
tCO ₂ e per Sq Ft Floor Area	Scope 1 & 2, market-based	0.00 tCO ₂ e	0.00 tCO ₂ e

Our Scope 3 (business travel) emissions are significantly lower than the reporting period 01 July 2019 – 30 June 2020 due to the impacts of Covid-19.

During the year, the total fuel and electricity consumption totalled 140 MWh (2020: 169 MWh), of which 100% was consumed in the UK. The split between fuel and electricity consumption is displayed below:

Energy consumption (kWh)	Total MWH Consumption FY21	Total MWH Consumption FY20
Electricity - Location-based	109	60
Fuel Oil	31	109
Total	140	169

Alongside our commitment to become Net Zero by 2030, we continue to be committed to our partnership with Trees for Life to offset the emissions from our head office and have now planted over 4,000 trees to help rewild the Scottish Highlands.

Directors' report

for the year ended 30 June 2021

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives are described in the business review, starting on page 3.

In specific reference to the Covid-19 pandemic; the directors' primary concern has been, and will continue to be, the safety and wellbeing of all employees. The directors have had a responsive strategic team in place throughout the pandemic who are continuously monitoring the situation and whilst the situation continues to evolve, the directors are confident that the Company's trading performance during the pandemic and financial forecasts that incorporate the impact of the pandemic on the business both indicate that the Company will continue to perform well despite difficult market conditions. Cashflow forecasts have been prepared with identified key assumptions, which have also been sensitised, continuing to result in positive cash throughout.

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 at least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

ON BEHALF OF THE BOARD

Mark Cuddigan

Mark Cuddigan (Jan 25, 2022 12:48 GMT)

Mr MNJ Cuddigan – Director

Jan 25, 2022

Date:

Statement of Directors' responsibilities

for the year ended 30 June 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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.

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 2021 which comprise Statement of Total Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 22, 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 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 2021 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. 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

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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.

Independent auditor's report

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 12, 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 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.

Independent auditor's report

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those related to the reporting framework (FRS 102 and the Company's Act 2006), the Companies (Miscellaneous Reporting) Regulations 2018 and compliance with the relevant direct and indirect tax regulations in the United Kingdom.
- We understood how the Company is complying with those frameworks by making inquiries of management, those charged with governance, and those responsible for legal and compliance. We corroborated our enquiries through our review of board minutes.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We considered performance targets and their influence on efforts made by management. Through these procedures, we determined there is a risk of management override and a fraud risk around revenue recognition and in particular there is fraud risk in manual postings on sales rebates/promotions. In relation to management override to the posting of non-standard manual journals, including non-standard journals to revenue, we used data analytics to sample from the entire population of journals, identifying specific transactions which did not meet our expectations based on specific criteria which we investigated further to gain an understanding of the transaction and agree to source documentation ensuring appropriate authorisation of the transactions.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of the management and those charged with governance, and those responsible for legal and compliance. We also reviewed the board minutes to identify any non-compliance with laws and regulations.

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.

Use of our report

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.

Ernst & Young LLP

Ernst & Young LLP (Jan 25, 2022 21:24 GMT)

Kate Allen (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Reading Jan 25, 2022

Date:

Statement of Total Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 £	2020 £
Revenue	2	72,733,701	71,560,120
Cost of sales		(45,485,469)	(45,006,450)
Gross Profit		27,248,232	26,553,670
Administrative expenses		(14,928,195)	(15,563,096)
Other operating income		386	25,953
Operating profit	5	12,320,423	11,016,527
Interest receivable and similar income	6	461,052	763,647
Interest payable and similar charges	7	(402,109)	(346,970)
Profit on ordinary activities before taxation		12,379,366	11,433,204
Tax on profit on ordinary activities	8	(2,343,798)	(2,220,722)
Profit for the financial year		10,035,568	9,212,482
Other comprehensive income			
Derivative cash flow hedges, net of tax		(49,300)	(4,080)
Reclassified from hedging reserve		-	-
Total comprehensive income for the financial year		9,986,268	9,208,402

Continuing Operations

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

The notes on pages 19 to 33 form part of these financial statements.

Statement of Financial Position

as at 30 June 2021

Registered No. 05183743

		2021 £	2020 £
Non-current assets			
Tangible assets	9	197,304	102,309
Intangible assets	10	153,050	71,468
		<u>350,354</u>	<u>173,777</u>
Current assets			
Inventories	11	5,197,741	6,077,190
Trade and other receivables:			
Amounts falling due within one year	12	36,209,554	33,623,148
Amounts falling due after one year	12	46,756	43,439
Cash at bank and in hand		13,998,200	1,551,578
Deferred tax asset	15	69,686	43,206
		<u>55,521,937</u>	<u>41,338,561</u>
Trade and other payables: amounts falling due within one year	13	(25,716,371)	(21,570,001)
		<u>29,805,566</u>	<u>19,768,560</u>
Net current assets			
		<u>30,155,920</u>	<u>19,942,337</u>
Net assets			
		<u>30,155,920</u>	<u>19,942,337</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	18	30,155,820	19,942,237
		<u>30,155,920</u>	<u>19,942,337</u>
Total equity	22	<u>30,155,920</u>	<u>19,942,337</u>

The financial statements were approved by the Board of Directors on 25 01 2022 and were signed on its behalf by:

Mark Cuddigan

Mark Cuddigan (Jan 25, 2022 12:48 GMT)

Mr MNJ Cuddigan – Director

The notes on pages 19 to 33 form part of these financial statements.

Statement of Changes in Equity

for the year ended 30 June 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 July 2019	100	28,404,805	28,404,905
Profit for the financial year	-	9,212,482	9,212,482
Other comprehensive income for the financial year, net of tax	-	(4,080)	(4,080)
Total comprehensive income for the financial year	-	9,208,402	9,208,402
Share-based payment charge	-	488,849	488,849
Dividend Paid	-	(18,159,819)	(18,159,819)
Balance at 30 June 2020	100	19,942,237	19,942,337
Profit for the financial year	-	10,035,568	10,035,568
Other comprehensive expense for the financial year, net of tax	-	(49,300)	(49,300)
Total comprehensive income for the financial year	-	9,986,268	9,986,268
Share-based payment charge (note 17)	-	227,315	227,315
Balance at 30 June 2021	100	30,155,820	30,155,820

The notes on pages 19 to 33 form part of these financial statements.

Notes to the financial statements

for the year ended 30 June 2021

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 2021.

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.

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.

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.

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position and its financial risk management objectives are detailed in the business review (page 3.)

In specific reference to the Covid-19 pandemic; the directors' primary concern has been and will continue to be the safety and wellbeing of all employees. The directors have had a responsive strategic team in place throughout the pandemic who are continuously monitoring the situation and whilst the situation continues to evolve, the directors are confident that the Company's trading performance during the pandemic and financial forecasts that incorporate the impact of the pandemic on the business both indicate that the Company will continue to perform well despite difficult market conditions. Cashflow forecasts have been prepared with identified key assumptions, which have also been sensitised, continuing to result in positive cash throughout.

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 least 12 months from the date of signing the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

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 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d) to prepare a statement of cash flows;
- (ii) 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
- (iii) 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.

Notes to the financial statements

for the year ended 30 June 2021

1. Accounting policies (continued)

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.

1.6 Cost of sales

Cost of sales recognised as an expense represent variable expenses (excluding VAT and similar taxes) incurred from revenue generating activity. Products sold by the Company is the principle expense included under this category.

1.7 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

1.8 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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1.9 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.

1.10 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.

1.11 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.

1.12 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.

Notes to the financial statements

for the year ended 30 June 2021

1. Accounting policies (continued)

1.13 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.

Since acquisition, awards of restricted stock in The Hain Celestial Group, Inc. have been granted to certain employees.

Awards of restricted stock may be either grants of restricted stock or restricted share units that are issued at no cost to the recipient. For restricted stock grants, at the date of grant the recipient has all rights of a stockholder, subject to certain restrictions on transferability and a risk of forfeiture. For restricted share units, legal ownership of the shares is not transferred to the employee until the unit vests.

The fair value of stock-based compensation awards is recognised as an expense over the vesting period using the straight-line method. For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognised for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense on awards that contain a market condition is reversed if at any time during the service period a grantee is no longer an employee.

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 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, and trade and other creditors.

Trade and other debtors

Short term debtors are measured at transaction price, less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently remeasured at amortised cost, less any impairment losses for bad and doubtful debts.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, and other short-term highly liquid investments that are readily converted to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other creditors

Trade and other payables are recognised at transaction price. Loans and other financial liabilities are initially recognised at transaction price, net of any transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest rate method.

1.16 Taxation

The tax expense for the period comprises current and deferred tax recognised in the period. 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 operates and generates taxable income.

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

Notes to the financial statements

for the year ended 30 June 2021

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.

Notes to the financial statements

for the year ended 30 June 2021

2. Revenue

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

An analysis of Revenue by geographical market is given below:

	2021 £	2020 £
United Kingdom	58,921,067	58,272,674
Overseas	13,812,634	13,287,446
	<u>72,733,701</u>	<u>71,560,120</u>

3. Staff Costs

	2021 £	2020 £
Wages and salaries	5,455,992	5,134,631
Social security costs	708,145	605,484
Other pension costs	209,317	206,913
Share-based payment charge (Note 17)	227,315	488,849
	<u>6,600,769</u>	<u>6,435,877</u>

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

	2021 £	2020 £
Administration	16	16
Operations	62	63
Management	2	3
	<u>80</u>	<u>82</u>

Notes to the financial statements

for the year ended 30 June 2021

4. Directors' Emoluments

	2021 £	2020 £
Directors' remuneration	518,590	449,918
Directors' pension contributions to money purchase schemes	15,450	15,450
	<u>534,040</u>	<u>465,368</u>

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

Members of money purchase pension schemes	1	1
	<u>1</u>	<u>1</u>

The number of directors to whom restricted stock was granted, was as follows:

Numbers of directors granted restricted stock	1	1
	<u>1</u>	<u>1</u>

Information regarding the highest paid director is as follows:

	2021 £	2020 £
Remuneration	518,590	449,918
Pension contributions to money purchase schemes	15,450	15,450
	<u>534,040</u>	<u>465,368</u>

Only one Director has received remuneration for services to the company during the year (and prior year). No remuneration has been paid to any of the other Directors as they spend the majority of their time on other companies within the Hain Celestial Group.

Notes to the financial statements

for the year ended 30 June 2021

5. Operating profit

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

	2021 £	2020 £
Hire of equipment	1,768	525
Operating leases – land & buildings	141,397	130,340
Operating leases – other	5,776	3,985
Depreciation - owned assets	83,579	85,021
Amortisation – intangibles	47,791	43,484
Loss on disposal of fixed assets	1,952	11,671
Foreign exchange differences	(40,613)	(34,808)
Audit fees	65,432	45,550
	<u> </u>	<u> </u>

6. Interest receivable and similar income

	2021 £	2020 £
Other interest received	55,051	127
Interest on intercompany loans	406,001	763,520
	<u>461,052</u>	<u>763,647</u>

7. Interest payable and similar charges

	2021 £	2020 £
Other interest	7,500	1,213
Interest on intercompany loans	394,609	345,757
	<u>402,109</u>	<u>346,970</u>

Notes to the financial statements

for the year ended 30 June 2021

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2021 £	2020 £
<i>Current tax:</i>		
UK Corporation tax at 19%	2,339,749	2,227,828
Adjustment in respect of prior periods	18,965	(451)
<i>Total Current Tax</i>	<u>2,358,714</u>	<u>2,227,377</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences at 19%	(19,006)	(10,616)
Adjustment in respect of prior periods at 17%	4,090	3,961
<i>Tax expense in the income statement</i>	<u>2,343,798</u>	<u>2,220,722</u>

(b) Tax included in total other comprehensive income

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

	2021 £	2020 £
<i>Deferred tax:</i>		
Unrealised gain on derivatives	-	10,347
<i>Total tax charge/(credit)</i>	<u>-</u>	<u>10,347</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:

	2021 £	2020 £
Profit on ordinary activities before tax	12,379,366	11,433,204
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	<u>2,352,080</u>	<u>2,172,309</u>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(12,331)	50,098
Adjustment in respect of prior year	23,060	3,510
Change in tax rate	(19,006)	(5,195)
<i>Total tax charge</i>	<u>2,343,798</u>	<u>2,220,722</u>

Notes to the financial statements

for the year ended 30 June 2021

9. Tangible assets

	Plant & Machinery £	Fixtures & Fittings £	Computer Hardware £	Land & Buildings £	Totals £
Costs					
At 1 July 2020	399,878	181,525	42,622	154,643	778,668
Additions	99,782	55,176	25,567	-	180,525
Disposals	(3,447)	-	-	-	(3,447)
At 30 June 2021	496,213	236,701	68,189	154,643	995,746
Depreciation					
At 1 July 2020	(316,602)	(162,581)	(42,533)	(154,643)	(676,359)
Charge for the year	(51,787)	(25,249)	(6,543)	-	(83,579)
Eliminated on disposal	1,495	-	-	-	1,495
At 30 June 2021	(366,894)	(187,830)	(49,076)	(154,643)	(758,443)
Net Book Value					
At 30 June 2021	129,319	48,871	19,113	-	197,303
At 30 June 2020	83,276	39,758	89	-	102,309

Notes to the financial statements

for the year ended 30 June 2021

10. Intangible assets

	Computer Software
	£
Costs	
At 1 July 2020	385,380
Additions	129,373
At 30 June 2021	514,753
Depreciation	
At 1 July 2020	(313,912)
Charge for the year	(47,791)
At 30 June 2021	(361,703)
Net Book Value	
At 30 June 2021	153,050
At 30 June 2020	71,468

11. Inventories

	2021 £	2020 £
Raw materials and packaging	-	991
Finished goods	5,197,741	6,076,199
	5,197,741	6,077,190

The amount of impairment loss recognised in the year amounted to £320,216 (2020: £109,487).

The cost of inventory recognised as an expense in the year amounted to £41,836,887 (2020: £41,470,636).

Notes to the financial statements

for the year ended 30 June 2021

12. Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Trade receivables	13,220,959	10,454,322
Amounts owed by group undertakings	21,473,229	21,591,911
Other debtors	842,438	814,694
Unrealised gain on cash flow hedge	-	60,864
Prepayments & accrued income	293,441	317,532
VAT	297,625	233,595
Corporation tax repayable	81,862	150,230
	<u>36,209,554</u>	<u>33,623,148</u>
Amounts falling due after more than one year:		
Other receivables	46,756	43,439
	<u>3,256,310</u>	<u>33,666,587</u>

Included within 'amounts owed by group undertakings' are intercompany loans that are repayable on demand with interest bearing at rates 2.04% and LIBOR + 2.15%.

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

	2021 £	2020 £
Trade creditors	5,171,565	4,040,512
Amounts owed to group undertakings	12,864,054	11,297,505
Social security and other taxes	134,065	147,141
Other creditors	10,795	36,503
Accrued expenses	7,535,892	6,048,440
	<u>25,716,371</u>	<u>21,570,001</u>

Notes to the financial statements

for the year ended 30 June 2021

14. Operating lease commitments

The following operating lease payments are committed to be paid:

	<i>Land and buildings</i>		<i>Other operating leases</i>	
	2021	2020	2021	2020
	£	£	£	£
Expiring:				
Within one year	141,397	130,340	5,776	6,097
Between one and five years	424,191	130,340	5,138	8,533
	<u>565,588</u>	<u>260,680</u>	<u>10,914</u>	<u>14,630</u>

15. Deferred tax

	2021	2020
	£	£
Deferred tax asset / (liability)		
Accelerated capital allowances	69,686	54,770
Other short term timing differences	-	(11,564)
	<u>69,686</u>	<u>43,206</u>
		Deferred Tax (liability)/ asset £
Balance at 1 July 2021		43,206
Credit to Income Statement during the year		14,916
Transfer to Other Comprehensive Income		11,564
Deferred tax asset at 30 June 2021		<u>69,686</u>

16. Called up share capital

	No.	2021 £	No.	2020 £
Allotted, issued and fully paid				
Ordinary 'A' shares of £1 each	100	<u>100</u>	100	<u>100</u>

Notes to the financial statements

for the year ended 30 June 2021

17. Share-based payments

Awards of restricted stock may be either grants of restricted stock awards ("RSAs") or restricted share units (RSUs) that are issued at no cost to the recipient. RSA holders have all rights of a stockholder at the grant date, subject to certain restrictions on transferability and a risk of forfeiture. Shares underlying RSUs are not issued until vesting. Both award types are subject to continued employment and vesting conditions in accordance with provisions set forth in the applicable award agreements.

The fair market value of The Hain Celestial Group Inc. common stock on the grant date is used to measure fair value for service-based and performance-based awards, and a Monte Carlo simulation model to determine the fair value of market-based awards. The fair value of stock-based compensation awards is recognised as an expense over the vesting period using the straight-line method. For awards that contain a market condition, expense is recognized over the defined or derived service period using a Monte Carlo simulation model. Compensation expense is recognised for these awards on a straight-line basis over the service period, regardless of the eventual number of shares that are earned based upon the market condition, provided that each grantee remains an employee at the end of the performance period. Compensation expense on awards that contain a market condition is reversed if at any time during the service period a grantee is no longer an employee.

The expense recognised for share-based payments in respect of employee services received during the year to 30 June 2021 is £227,315 (2020: £488,849). All expenses relate to equity-settled transactions.

The following table illustrates the number of, and movements in, share options during the year. As well as weighted average grant date fair value.

	2021 No.	2021 GD FV
Outstanding as at 1 July 2020	57,829	\$13.81
Granted during the year	31,994	\$34.42
Forfeited during the year	(24,116)	\$15.57
Vested during the year	(26,489)	\$30.36
Outstanding at 30 June 2021	39,218	\$19.93

- (1) Outstanding at 1 July and 30 June includes 26,743 and 18,575 of market-based PSUs representing 100% of the targeted award, respectively. These awards will vest pursuant to the achievement of pre-established three-year compound annual total shareholder return levels over the period November 6, 2018 to November 6, 2021. The number of shares actually issued will range from zero to 300% of the shares granted. The weighted average grant date fair value was estimated to be \$7.09 and \$5.99 per share at 1 July and 30 June, respectively.

Notes to the financial statements

for the year ended 30 June 2021

18. Reserves

	Profit and loss account £
At 1 July 2020	19,942,237
Total comprehensive income for the year	9,986,268
Share-based payment charge	227,315
Dividend paid	-
At 30 June 2021	<u>30,155,820</u>

19. Related party transactions

The company has taken advantage of the exemption available under FRS 102 paragraph 33:11 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.

20. 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 The Hain Celestial Group, Inc. Copies of the financial statements can be obtained from 1111 Marcus Ave, Lake Success, NY 11042.

21. 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 if it is not used in the production of finished products. It is considered that this would only arise if the company unexpectedly discontinued product lines at short notice, or if sales volumes fall significantly below current forecasts. The directors consider the likelihood of each of these outcomes as remote.

At 30 June 2021 the maximum obligation was of £2,146,405 (2020: £2,154,446).

Notes to the financial statements

for the year ended 30 June 2021

22. Reconciliation of movements in shareholders' funds

	2021 £	2020 £
Profit for the financial year	10,035,568	9,212,482
Unrealised gain/(loss) on derivatives	(49,300)	(4,080)
Total comprehensive income	9,986,268	9,208,402
Dividends paid	-	(18,159,819)
Share-based payment charge	227,315	488,849
Net addition to shareholders' funds	10,213,583	(8,462,568)
Opening shareholder's funds	19,942,337	28,404,905
Closing shareholders' funds	30,155,920	19,942,337