

Registered number: 11228681

Drunk Elephant UK Limited

**Directors' report and financial statements
for the period ended 31 December 2018**



Drunk Elephant UK Limited

Company information

Directors	L K Barrett M M R Corngold
Registered number	11228681
Registered office	1st Floor West Davidson House Forbury Square Reading Berkshire RG1 3EU
Independent auditors	RSM UK Audit LLP Davidson House Forbury Square Reading Berkshire RG1 3EU

Drunk Elephant UK Limited

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Drunk Elephant UK Limited

Directors' report for the period ended 31 December 2018

The directors present their report and the audited financial statements for the period ended 31 December 2018.

The company was incorporated on 27 February 2018.

Principal activity

The principal activity of Drunk Elephant UK Limited ('the Company') is to provide marketing support services in the United Kingdom on behalf of its immediate parent undertaking.

Directors

The directors who held office during the period and up to the date of signing the financial statements, unless otherwise indicated, are given below:

L K Barrett (appointed 27 February 2018)

M M R Corngold (appointed 30 April 2019)

Qualifying third party indemnity provisions

The company has granted an indemnity to its directors against liability in respect of court proceedings brought by third-parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' report.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the audited financial statements of the Company in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") as amended by Section 1A "Small Entities".

Under company law the directors must not approve the audited financial statements of the Company 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 accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Drunk Elephant UK Limited

Director's report (continued) for the period ended 31 December 2018

Disclosure of information to auditor

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

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

Auditor

RSM UK were appointed as the auditor to the company during the period and will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

Small companies exemptions

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small company exemption provided by Section 414B of the Companies Act 2006 and have not prepared a Strategic report.

This report was approved by the board on 13 September 2019 and signed on its behalf.



L K Barrett
Director

Independent auditor's report to the members of Drunk Elephant UK Limited

Opinion

We have audited the financial statements of Drunk Elephant UK Limited (the 'company') for the period ended 31 December 2018 which comprise the profit and loss account, the balance sheet, statement of changes in equity and notes to the financial statements, 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 state of the company's affairs as at 31 December 2018 and of its profit for the period then ended;
- have been properly prepared in accordance with 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

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 Drunk Elephant UK Limited (continued)

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

Independent auditor's report to the members of Drunk Elephant UK Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

RSM UK Audit LLP

Mayulee Pinkerton CA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Davidson House
Forbury Square
Reading
Berkshire
RG1 3EU
Date: 18 September 2019

Drunk Elephant UK Limited

Profit and loss account for the period ended 31 December 2018

	Period from 27 February 2018 to 31 December 2018 \$
Turnover	512,163
Gross profit	512,163
Administrative expenses	(465,603)
Profit on ordinary activities before taxation	46,560
Tax on profit on ordinary activities	(8,958)
Profit for the financial period	37,602

There were no recognised gains and losses other than as stated in the profit and loss account, and, accordingly, no separate statement of other comprehensive income is presented.

The notes on pages 9 to 14 form part of these financial statements.

Drunk Elephant UK Limited

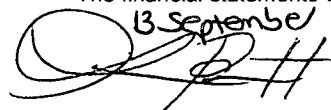
Registered Number: 11228681

Balance sheet as at 31 December 2018

	Note	2018 \$
Fixed assets		
Tangible assets	5	2,610
		<u>2,610</u>
Current assets		
Debtors	6	524,717
Cash at bank and in hand		12,812
		<u>537,529</u>
Creditors: Amounts falling due within one year	7	(502,264)
		<u>35,265</u>
Net current assets		<u>35,265</u>
Total assets less current liabilities		<u>37,875</u>
Provisions for liabilities		
Deferred tax		(270)
		<u>(270)</u>
Net assets		<u>37,605</u>
Capital and reserves		
Called-up share capital	8	3
Retained earnings		37,602
		<u>37,605</u>
Total equity		<u>37,605</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" as amended by Section 1A "Small Entities".

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2019.



L K Barrett
Director

The notes on pages 9 to 14 form part of these financial statements.

Drunk Elephant UK Limited

Statement of changes in equity for the period ended 31 December 2018

	Called-up share capital	Retained earnings	Total equity
	\$	\$	\$
Profit for the financial period	-	37,602	37,602
Shares issued during the period	3	-	3
At 31 December 2018	3	37,602	37,605

The notes on pages 9 to 14 form part of these financial statements.

Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

1. General information

The principal activity of Drunk Elephant UK Limited ('the Company') is to provide marketing support services in the United Kingdom on behalf of its immediate parent undertaking.

The Company was incorporated on 27 February 2018.

The Company is a private company which is limited by shares and is incorporated and domiciled in England and Wales. The address of its registered office is 1st Floor West Davidson House, Forbury Square, Reading, Berkshire, RG1 3EU.

2. Statement of compliance

The financial statements of Drunk Elephant UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") as amended by Section 1A "Small Entities" and the Companies Act 2006, as applicable to small companies.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention.

3.2 Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of services under a service agreement with companies who are members of the same group at cost, plus a margin.

Turnover is recognised when the Company incurs a liability in relation to an expense on which the cost, plus a margin, revenue is determined. Turnover is shown net of value-added tax.

Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.3 Foreign currency

(i) Functional and presentational currency

The Company's functional and presentational currency is US Dollars.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at rates prevailing at the reporting date. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account within administrative expenses.

3.4 Employee benefits

The Company provides benefits to employees, including defined contribution pension schemes.

Defined benefit contribution scheme

The Company operates a defined contribution scheme for its employees. A defined contribution scheme is a pension scheme under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.5 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

3.6 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and provision for future impairment.

Cost includes the original purchase price of the asset and the costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs are capitalised.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimates residual value, of each asset is as follows:

Fixtures, fittings and office equipment	- Straight line over 3 years
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Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

3. Summary of significant accounting policies (continued)

3.7 Cash and cash equivalents

Cash and cash equivalents includes deposits held with banks and bank overdrafts. Bank overdrafts are shown in current liabilities.

3.8 Financial instruments

(i) Financial assets

The Company's financial assets, comprise amounts owed by group undertakings, which are shown in note 8, and cash which is shown on the balance sheet. Management determines the classification of its financial assets at initial recognition.

These financial assets are recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets.

Cash at bank and in hand comprise deposits of cash held in bank accounts and in hand.

(ii) Financial liabilities

The Company's financial liabilities, comprise trade creditors, amount owed to group undertakings, other creditors and accruals shown in note 9 and in the balance sheet. Management determines the classification of its financial liabilities at initial recognition.

The Company's financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.9 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.10 Related party transactions

The Company is exempt from disclosing related party transactions as they arise with other companies that are wholly owned within the group.

4. Employees and directors

The average monthly number of employees, including directors, during the period was 3.

Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

5. Tangible assets

	Fixtures, fittings and office equipment \$
Cost	
Additions	4,041
Disposals	(699)
At 31 December 2018	<u>3,342</u>
Depreciation	
Charge for the period	849
Disposals	(117)
At 31 December 2018	<u>732</u>
Net book value	
At 31 December 2018	<u><u>2,610</u></u>

6. Debtors

	2018 \$
Amounts owed by group undertakings	517,092
Prepayments and accrued income	7,625
	<u><u>524,717</u></u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Drunk Elephant UK Limited

Notes to the financial statements for the period ended 31 December 2018

7. Creditors: Amounts falling due within one year

	2018 \$
Trade creditors	1,645
Amounts owed to group undertakings	349,333
Corporation tax	8,688
Taxation and social security	16,056
Accruals and deferred income	126,542
	<hr/> 502,264 <hr/>

Amounts owed to group undertakings are unsecured interest free and repayable on demand.

8. Called-up share capital

	2018 \$
Allotted and fully paid	
2 Ordinary shares of £1 each	3
	<hr/>

On 27 February 2018, the Company issued 2 ordinary shares at £1 each at par value for cash consideration.

9. Immediate and ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Drunk Elephant LLC, a company incorporated in the United States of America. The Company's ultimate and controlling parent undertaking is Drunk Elephant Holdings, LLC, a company incorporated in the United States of America.

The smallest and largest group in which the results of the Company are consolidated is that headed by Drunk Elephant Holdings, LLC. Copies of the financial statements can be obtained from 1600 38th Street, Suite 424, Austin, TX 78731, United States.