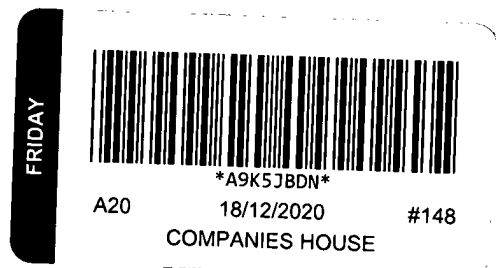


Registered number: 11228681

**Drunk Elephant UK Limited**

**Directors' report and financial statements  
for the year ended 31 December 2019**



## **Drunk Elephant UK Limited**

### **Company information**

<b>Director</b>	R Don-Wu Gee
<b>Registered number</b>	11228681
<b>Registered office</b>	1st Floor West Davidson House Forbury Square Reading Berkshire RG1 3EU
<b>Independent auditors</b>	RSM UK Audit LLP Davidson House Forbury Square Reading Berkshire RG1 3EU

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# **Drunk Elephant UK Limited**

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# **Drunk Elephant UK Limited**

## **Directors' report for the year ended 31 December 2019**

The directors present their report and the audited financial statements for the year ended 31 December 2019.

### **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.

Subsequent to year end the Directors made the decision to transfer the trade and assets of Drunk Elephant UK to a fellow group company as a result these financial statements have been prepared on a non-going concern basis.

### **Directors**

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

L K Barrett	(resigned 6 November 2019)
M M R Corngold	(appointed 30 April 2019 and resigned 6 November 2019)
M Rey	(appointed 6 November 2019 and resigned 6 September 2020)
R Don-Wu Gee	(appointed 21 September 2020)

### **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 directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial 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).

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 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 year ended 31 December 2019**

#### **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 Audit LLP has indicated its willingness to continue in office and its reappointment will be proposed in accordance with section 458 of the Companies Act 2006.

#### **Small companies exemptions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board on

*December 9*

2020 and signed on its behalf.

  
R. Don-Wu Gee  
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 year ended 31 December 2019 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 2019 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.

## **Emphasis of matter – Non-going concern basis of accounting**

We draw attention to note 3.1 of the financial statements which describes the preparation of the financial statements on a non-going concern basis. As described in note 3.1 subsequent to the year end the Directors made the decision to transfer the trade and assets of Drunk Elephant UK Limited to a fellow group company and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis. There have been no adjustments made to the financial statements as a result of the application of the non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

## **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 director is 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.

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

## **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 director was not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

## **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

### **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

Perry Linton FCA (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: 10.12.20



## Drunk Elephant UK Limited

Registered Number: 11228681

### Profit and loss account for the periods ended 31 December 2019 and 2018

	Period from 1 January 2019 to 31 December 2019 \$	Period from 27 February 2018 to 31 December 2018 \$
Turnover	645,161	512,163
<b>Gross profit</b>	<b>645,161</b>	<b>512,163</b>
Administrative expenses	(586,521)	(465,603)
<b>Profit on ordinary activities before taxation</b>	<b>58,640</b>	<b>46,560</b>
Tax of profit on ordinary activities	(11,320)	(8,958)
<b>Profit for the financial period</b>	<b>47,320</b>	<b>37,602</b>

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

## Balance sheet at 31 December 2019 and 2018

		2019 \$	2018 \$
	Note		
<b>Fixed assets</b>			
Tangible assets	5	5,992	2,610
		<u>5,992</u>	<u>2,610</u>
<b>Current assets</b>			
Debtors	6	1,173,646	524,717
Cash at bank and in hand		22,405	12,812
		<u>1,196,051</u>	<u>537,529</u>
Creditors: Amounts falling due within on year	7	(1,116,166)	(502,264)
<b>Net current assets</b>		<u>79,885</u>	<u>35,265</u>
Total assets less current liabilities		<u>85,877</u>	<u>37,875</u>
<b>Provisions for liabilities</b>			
Deferred tax		(952)	(270)
		<u>(952)</u>	<u>(270)</u>
<b>Net assets</b>		<u>84,925</u>	<u>37,605</u>
<b>Capital and reserves</b>			
Called-up share capital	8	3	3
Retained earnings		84,922	37,602
		<u>84,925</u>	<u>37,605</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
Dec 9 2020.

  
R Don-Wu Gee  
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 periods ended 31 December 2019 and 2018**

	<b>Called-up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Profit for the financial period 2018	-	37,602	37,602
Shares issued during the period	3	-	3
<b>At 31 December 2018</b>	<b>3</b>	<b>37,602</b>	<b>37,605</b>
Profit for the financial period 2019	-	47,320	47,320
<b>At 31 December 2019</b>	<b>3</b>	<b>84,922</b>	<b>84,925</b>

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

# **Drunk Elephant UK Limited**

## **Notes to the financial statements for the year ended 31 December 2019**

### **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 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**

##### **Non-going concern basis of preparation**

Subsequent to the year end the Directors took the decision to transfer the trade and assets of the company to a fellow group company and consequently these financial statements have been prepared on the non-going concern basis. No adjustments were required to present these financial statements on the non-going concern basis.

#### **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 year ended 31 December 2019**

#### **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.

###### **(i) 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 year ended 31 December 2019

#### 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 year ended 31 December 2019**

#### **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 6, 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 7 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 year was 5 (2018: 4).

## Drunk Elephant UK Limited

### Notes to the financial statements for the year ended 31 December 2019

#### 5. Tangible assets

	Fixtures, fittings and office equipment \$
<b>Cost</b>	
31 December 2018	3,342
Additions	5,911
Disposals	(1,856)
At 31 December 2019	7,397
<b>Depreciation</b>	
31 December 2018	732
Charge for the period	1,446
Disposals	(773)
At 31 December 2019	1,405
<b>Net book value</b>	
At 31 December 2019	5,992

At 31 December 2018, the net book value of tangible assets was \$2,610.

#### 6. Debtors

	2019 \$	2018 \$
Amounts owed to group undertakings	1,173,646	517,092
Prepayments and accrued income	-	7,625
	<u>1,173,646</u>	<u>524,717</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 year ended 31 December 2019

#### 7. Creditors - Amounts falling due within one year

	2019 \$	2018 \$
Trade creditors	10,771	1,645
Amounts owed to group undertakings	995,313	349,333
Corporation tax	19,326	8,688
Taxation and social security	13,953	16,056
Accruals and deferred income	76,803	126,542
	<u>1,116,166</u>	<u>502,264</u>

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

#### 8. Called-up share capital

	2019 \$	2018 \$
2 ordinary shares of £1 each	3	3

#### 9. Events after the reporting date

Subsequent to the company's financial year end, the World Health Organization (WHO) announced on 31 January 2020 a global health emergency related to a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the associated risks to international communities, and the global economy, as the virus spreads beyond its point of origin. On 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic due to a rapid increase in global exposures. These events are having a significant negative impact on global stock markets, currencies, and general business activities. The timing and extent of the impact and recovery from the COVID-19 outbreak is unknown but may have an impact on the Company's activities in an uncertain global market. However, based on forecasts prepared the directors do not expect the impact of COVID-19 to be significant to the Company's operations and net asset position.

Subsequent to the year end the Directors made the decision to transfer the trade and assets of Drunk Elephant UK Limited to a fellow group company and the directors have concluded that it is no longer appropriate to prepare the financial statements on a going concern basis.

#### 10. 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 Shiseido Company, Limited, a company incorporated in Japan.

The smallest and largest group in which the results of the Company are consolidated is that headed by Drunk Elephant, LLC. Copies of the financial statements can be obtained from 3700 Newport Blvd, Ste 307, Newport Beach, CA 92663, United States.