

**Company registration no. 02654245**

**Global Tea & Commodities Ltd**

**Annual Report and Financial Statements  
For the year ended 31 December 2019**



**Global Tea & Commodities Ltd**  
**Annual Report and Financial Statements**

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**For the year ended 31 December 2019**

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## **Company information**

**For the year ended 31 December 2019**

<b>Directors</b>	M McBrien F Ahmed N Ahmed
<b>Company secretary</b>	M McBrien
<b>Registered number</b>	2654245
<b>Registered office</b>	Suite 2 5 <sup>th</sup> Floor 1 Duchess Street London W1W 6AN
<b>Independent auditor</b>	BDO LLP Arcadia House Ocean Village Southampton SO14 3TL

## **Strategic Report**

**For the year ended 31 December 2019**

### **Principal business activities**

Global Tea & Commodities Ltd is the holding company of the Global Tea & Commodities group of companies. In addition, Global Tea & Commodities Ltd is engaged in the trading of tea and general commodities. Through its subsidiary companies the group operates coffee and macadamia nut plantations in Malawi and tea packing and trading facilities in Kenya.

### **Principal risks and uncertainties**

World demand for the commodities produced by the group continues to increase. Many of the products sold by the group carry a relatively low unit price and world demand for these products is generally unaffected by factors affecting the world economy.

The core of the products sold by the group are agriculture based and world supply of the underlying commodities is largely dependent on the weather patterns in the producing countries. The resultant volatility in world supply can lead to fluctuations in the world price of these commodities.

A proportion of the group's revenues and costs are earned in Sterling and are subject to translation risk.

### **Financial KPI**

Revenue for the year was \$193m (2018: \$216m). The reduction in revenue was primarily the result of lower tea prices and a fall in export sales from Kenya. Despite the reduction in revenue the group performed strongly and maintained EBITDA before impairments at \$6.2m (2018: \$6.1m). The group secured new export contracts towards the end of the year which required a greater use of the group's working capital facilities. The new export contracts are now running smoothly and the level of working capital to service these contracts has reduced considerably during 2020.

In the year under review the world price of tea and coffee were:

<b>Quarterly Averages</b>	<b>Apr - Jun</b>	<b>Jul - Sep</b>	<b>Oct - Dec</b>	<b>Jan - Mar</b>	<b>Apr - Jun</b>	<b>Jul - Sep</b>	<b>Oct - Dec</b>	<b>Jan - Mar</b>
<b>US\$/Kg</b>	<b>2018</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2020</b>
Tea Average	2.95	2.78	2.69	2.43	2.65	2.58	2.58	2.33
Coffee Arabica	2.97	2.77	2.95	2.80	2.73	2.87	3.12	3.13

Revenue in the manufacturing division in Kenya decreased during 2019 with sales falling to US\$35m (2018: US\$42m). This was primarily in sales to the UK which continued to be adversely affected by the Brexit referendum with the average Sterling exchange rate during the year at \$1.28 (2018: \$1.33). The effect of this reduction was partly offset with lower tea prices which improved margins on UK sales. A number of new export contracts were secured in the last quarter of 2019 and export revenues in 2020 have seen significant growth.

Sales of the Company's Kericho Gold & Baraka Chai brands within Kenya continued to grow during 2019 with improved following the introduction of premium speciality teas and infusions. The introduction of curfews during the Covid-19 pandemic increased operating costs and reduced revenues during 2020 but the company is positioned to perform well when the restrictions are eased.

The trading division operates in a competitive environment with a few select customers worldwide. During 2019 the group continued the policy of only trading with long established customers. Sales volumes during 2019 increased to 66.4m kg (2018: 65.9m kg). The average tea price in the Mombasa auction during 2019 was \$2.21 (2018: \$2.58). Turnover, including group transactions, was US\$158m (2018: US\$178m). The decrease in tea prices resulted in gross margins increasing to 3.5% (2018: 2.8%).

## **Strategic Report (continued)**

**For the year ended 31 December 2019**

### **Financial KPI (continued)**

Coffee harvesting season for the group's plantation operations commences in August and finishes in March of the following year. Average coffee prices achieved by the group during the year decreased to \$2.89 (2018: \$3.07) which was offset by an increased harvest.

Macadamia production suffered from a period of cold weather during the main harvesting season and an increased incidences of pest damage.

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	MT	MT	MT	MT	MT	MT
<b>Production</b>						
Macadamia	283	335	235	237	313	296
Coffee	473	379	325	435	575	682
<b>Sales</b>						
Macadamia	264	353	219	272	310	315
Coffee	501	271	325	427	680	766

The low crop of macadamia resulted in gross margins for the plantation division decreasing to 35.2% (2018: 44.5%).

Turnover, including group transactions, for the division was US\$5.2m (2018: US\$5.5m).

Macadamia continues to perform strongly and should continue to contribute as orchards mature.

### **Non Financial KPI**

The group continues to invest in sustainable development programs to reduce the environmental impact of its operations.

The coffee plantations of the group have been certified under the Rain Forest Alliance certification scheme.

### **Revaluation**

In the year under review the group conducted a revaluation of its assets in Kenya and Malawi and recognised a gain of US\$38.5m since the previous revaluation undertaken in 2014. The gain reflects the increase in the value of land held by the group and the strength of the agricultural commodities produced by the group.

### **Investment impairment**

The Group has a participating interest by way of a 6.8% shareholding in Typhoo Tea Limited at a cost of US\$6.4m.

The significant adverse currency movements following the Brexit referendum combined with the cost of raw materials rising to record highs resulted in an increase in input prices that could not be passed to its customers. During this period Typhoo Tea Limited also incurred significant marketing expenditure to revitalise the Typhoo and Heath & Heather brands which did not produce the expected results. The continued focus on brands at the expense of other sectors of the business resulted in Typhoo Tea Limited both losing customers, brand market share and incurring financial losses.

## **Strategic Report (continued)**

**For the year ended 31 December 2019**

### **Investment impairment (continued)**

A new Chief Executive Officer and Chief Financial Officer were appointed by Typhoo Tea Limited during 2019 with a focus on cost control and customer service.

Whilst the financial performance of Typhoo Tea Limited has improved significantly following these appointments and the company is on course to return to profitability, the Board believes it is correct at this stage to impair the value of the Group's investment in Typhoo Tea Limited. An impairment provision of US\$3.3m has been recorded in these financial statements to reduce the carrying value of the investment to US\$3.1m.

The Board would like to express its continued support for the new management team at Typhoo Tea Limited and are confident that the new team can improve the financial performance of the company and secure the future of this iconic British brand.

### **Section 172 Statement**

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders and other matters in their decision making. The directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the directors consider what is most likely to promote the success of the Company for its members in the long term.

As required, the Company Secretary provides support to the board to help ensure that sufficient consideration is given to issues relating to the matters set out in s172(1) (a)-(f).

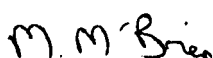
The group's employees are recognised as vital to its success and the group has worked extensively with the International Finance Corporation in Kenya and Malawi to further enhance the methods of engagement with its employees. The company has recently reviewed its anti-corruption, anti-bribery and whistle-blowing policies. The board has implemented a program to promote gender empowerment across all locations in which we operate and has increased the opportunities for all employees to regularly engage with senior staff.

During the year the company partnered with the International Finance Corporation and FDOV to engage with over 1,000 smallholder farmers in Malawi to promote good agricultural practice, assist in the development of macadamia and coffee crops and to provide a route to export markets for local farmers.

The board would like to thank its key customers for their assistance in expanding and maintaining the company's medical and maternity clinics to ensure that these facilities are available to our employees and the local communities.

The farming operations of the company have been reviewed and audited to maintain compliance with international standards. Senior members of the board regularly review the impact of the company's operations on the wider local communities in which we operate and engage proactively to promote the sustainable development of the company.

By order of the Board



M McBrien

Director

Date: 30 March 2021

## **Directors' Report**

**For the year ended 31 December 2019**

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

### **Principal activities**

Global Tea & Commodities Ltd is the holding company of the Global Tea & Commodities group of companies. In addition, Global Tea & Commodities Ltd is engaged in the trading of tea and general commodities. Through its subsidiary companies the group operates coffee and macadamia nut plantations in Malawi and tea packing and trading facilities in Kenya.

### **Results and dividends**

The trading results of the group for the year, and the group's and Company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended the payment of a dividend (2018: \$nil).

### **Future developments**

There are no anticipated changes to the nature of the group's operations in 2020. The group's trading and manufacturing operations continue to trade profitably. Maturing macadamia orchards will continue to have positive effects on the profitability of the plantation division but this will be partly offset by low coffee prices.

The Covid-19 pandemic has resulted in an increase in sales across most of the group's operations except for branded tea sales in Kenya. Disruptions to the supply chain and increased operating costs have had an adverse effect on margins. It is expected that 2020 overall performance will be similar to 2019.

### **Employees**

The Group continues to recruit, train and develop disabled employees and make reasonable adjustments where employees become disabled during their employment.

The Group undertakes regular risk assessments to protect the health and safety of its employees.

Employee committees operate in all the companies in the Group to promote the involvement of employees in the management of the company.

### **Directors**

The directors who held office during the year were as follows:

N Ahmed  
M McBrien  
F Ahmed

### **Donations**

During the year the company made the following contributions:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Charitable	21,439	25,595
Political	-	-

### **Post Balance sheet event**

In March 2020 the company saw the emergence of COVID-19. This is a non-adjusting post balance sheet and has had no impact on the reported assets and liabilities in these financial statements.

## **Directors' Report (continued)**

**For the year ended 31 December 2019**

### **Matters covered in the Strategic Report and Financial Statements**

As permitted by Schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report and in note 29 of the Financial Statements. These matters relate to principal risks and uncertainties, the principal activities of the company and financial risk management of the Group.

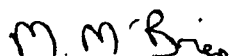
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

By order of the Board



M McBrien

Director

Date: 30 March 2021



## **Statement of Directors' Responsibilities**

**For the year ended 31 December 2019**

The directors are responsible for preparing the Strategic Report, 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 year. Under that law the directors have elected to prepare the group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and in accordance with applicable law, and the company financial statements in accordance with Financial Reporting Standard 101 ("FRS 101") and in accordance with applicable law. 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 group and company and of the profit or loss of the group and 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;
- state whether IFRS as adopted by the European Union and FRS 101 have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS and FRS 101 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 group and 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 Global Tea & Commodities Limited

For the year ended 31 December 2019

### *Qualified Opinion*

We have audited the financial statements of Global Tea & Commodities Ltd ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company 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 the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### *Basis for Qualified opinion*

We were not appointed as auditor of the company until after 31 December 2019 and thus did not observe the counting of physical inventories at the end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities totalling \$5,305,895 held at 31 December 2019 of the total stock figure are included in the consolidated balance sheet at \$27,273,363, by using other audit procedures. Consequently we were unable to determine whether any adjustment to this amount was necessary. In addition, were any adjustment to the inventory balance to be required, the strategic report would also need to be amended

Out of total inventory, \$21,966,468 pertains to subsidiaries which has been audited by component auditors who were able to observe relevant stock counts at year end. 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 Group and the Parent 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 qualified opinion.

## **Independent Auditor's Report to the members of Global Tea & Commodities Limited**

**For the year ended 31 December 2019**

### ***Conclusions relating to going concern***

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

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

### ***Other information***

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

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

As described in the basis for qualified opinion section of our report, our audit opinion is qualified on the basis we were unable to observe the year end stock count. We have concluded that where the other information refers to the stock balance or related balances such as cost of sales or loss for the year, it may be materially misstated for the same reason.

### ***Opinions on other matters prescribed by the Companies Act 2006***

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and 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.

## **Independent Auditor's Report to the members of Global Tea & Commodities Limited (continued)**

**For the year ended 31 December 2019**

### ***Matters on which we are required to report by exception***

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Arising solely from the limitation on the scope of our work relating to stock, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the parent company.

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:

- returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made.

### ***Responsibilities of Directors***

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

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

### ***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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Independent Auditor's Report to the members of Global Tea  
& Commodities Limited (continued)**

**For the year ended 31 December 2019**

**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.



Stephen Le Bas (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Southampton, UK

Date **30/3/2021**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 \$	2018 \$
<b>Revenue</b>	3	192,946,807	216,482,072
Cost of sales		(177,894,886)	(201,325,456)
<b>Gross profit</b>		<u>15,051,921</u>	<u>15,156,616</u>
Administrative expenses		(12,211,039)	(13,728,857)
Other operating income		975,640	2,962,154
Change in the fair value of biological assets	14	640,176	92,651
Impairment of investments	16	(3,300,000)	-
<b>Operating profit</b>	4	<u>1,156,698</u>	<u>4,482,564</u>
Finance income	8	446,616	260,513
Finance costs	9	(3,260,655)	(3,209,368)
Other gains and (losses)	10	15,491	54,711
<b>(Loss)/profit before taxation</b>		<u>(1,641,850)</u>	<u>1,588,420</u>
Taxation	11	(1,038,397)	(455,778)
<b>(Loss)/profit for the year</b>		<u>(2,680,247)</u>	<u>1,132,642</u>
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on property revaluation		38,519,768	2,852,699
Deferred tax on property revaluation		(13,691,169)	(822,029)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		3,718	4,691
<b>Total comprehensive income for the year</b>		<u>22,152,070</u>	<u>3,168,003</u>
<b>(Loss)/profit for the year, attributable to:</b>			
Equity owners of the parent		(2,686,895)	1,123,100
Non-controlling interests		6,648	9,542
		<u>(2,680,247)</u>	<u>1,132,642</u>
<b>Total comprehensive income, attributable to:</b>			
Equity owners of the parent		22,145,422	3,158,461
Non-controlling interests		6,648	9,542
		<u>22,152,070</u>	<u>3,168,003</u>

The notes on pages 17 to 46 form part of these financial statements.

## Consolidated Statement of Financial Position

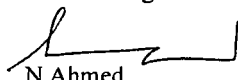
As at 31 December 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	12	944,930	-
Property, plant and equipment	13	69,651,876	32,041,049
Interest in lease	18	3,117,243	-
Biological assets – non-current	14	120,780	135,208
Investments	16	3,164,085	6,464,085
Deferred tax asset	26	521,953	707,224
Trade and other receivables	19	5,263,623	5,099,984
		<u>82,784,490</u>	<u>44,447,550</u>
<b>Current assets</b>			
Inventories	17	27,273,363	21,295,928
Interest in lease	18	1,542,731	-
Biological assets - current	14	1,403,850	812,715
Trade and other receivables	19	33,670,093	30,238,979
Cash and bank balances	20	1,173,821	1,379,938
		<u>65,063,858</u>	<u>53,727,560</u>
<b>Total assets</b>		<u>147,848,348</u>	<u>98,175,110</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21	20,968,858	20,004,667
Lease liabilities	24	1,972,201	-
Current tax liabilities		674,762	181,634
Borrowings	22	38,708,991	32,173,831
		<u>62,324,812</u>	<u>52,360,132</u>
<b>Non-current liabilities</b>			
Trade and other payables	21	73,541	75,501
Borrowings	22	7,022,276	7,123,746
Lease liabilities	24	3,985,171	-
Derivative financial instruments	25	125,465	314,882
Deferred tax liabilities	26	19,608,309	5,744,145
		<u>30,814,762</u>	<u>13,258,274</u>
<b>Total liabilities</b>		<u>93,139,574</u>	<u>65,618,406</u>
<b>Net assets</b>		<u>54,708,774</u>	<u>32,556,704</u>
<b>EQUITY</b>			
<b>Attributable to owners of the parent:</b>			
Share capital	27	9,740,472	9,740,472
Share premium		3,648,302	3,648,302
Capital reserves		1,358,762	1,358,762
Revaluation reserves		35,151,983	10,416,888
Translation reserves		(115,507)	(118,907)
Retained earnings		4,878,328	7,471,401
<b>Total equity attributable to shareholders</b>		<u>54,662,340</u>	<u>32,516,918</u>
Non-controlling interests		46,434	39,786
<b>Total equity</b>		<u>54,708,774</u>	<u>32,556,704</u>

## **Consolidated Statement of Financial Position**

**As at 31 December 2019**

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021 and signed on their behalf by:



N Ahmed

Director

The notes on pages 17 to 46 form part of these financial statements.



Global Tea & Commodities Ltd  
Annual Report and Financial Statements

**Consolidated Statement of Changes in Equity**  
For the year ended 31 December 2019

	Share capital	Share premium	Capital reserves	Revaluation reserve	Translation reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 31 December 2017	9,740,472	3,648,302	1,358,762	8,552,529	(126,057)	6,184,449	29,358,457	30,244	29,388,701
Profit for the year	-	-	-	1,934	2,459	1,118,707	1,123,100	9,542	1,132,642
Other comprehensive income	-	-	-	2,030,670	4,691	-	2,035,361	-	2,035,361
<b>Total comprehensive income</b>	-	-	-	2,032,604	7,150	1,118,707	3,158,461	9,542	3,168,003
Transfer of depreciation from revaluation reserve	-	-	-	(200,292)	-	200,292	-	-	-
Deferred tax adjustment	-	-	-	32,047	-	(32,047)	-	-	-
<b>At 31 December 2018</b>	<b>9,740,472</b>	<b>3,648,302</b>	<b>1,358,762</b>	<b>10,416,888</b>	<b>(118,907)</b>	<b>7,471,401</b>	<b>32,516,918</b>	<b>39,786</b>	<b>32,556,704</b>
Profit/(loss) for the year	-	-	-	10,976	(318)	(2,697,553)	(2,686,895)	6,648	(2,680,247)
Other comprehensive income	-	-	-	24,828,599	3,718	-	24,832,317	-	24,832,317
<b>Total comprehensive income</b>	-	-	-	24,839,575	3,400	(2,697,553)	22,145,422	6,648	22,152,070
Transfer of depreciation from revaluation reserve	-	-	-	(149,257)	-	149,257	-	-	-
Deferred tax adjustment	-	-	-	44,777	-	(44,777)	-	-	-
<b>At 31 December 2019</b>	<b>9,740,472</b>	<b>3,648,302</b>	<b>1,358,762</b>	<b>35,151,983</b>	<b>(115,507)</b>	<b>4,878,328</b>	<b>54,662,340</b>	<b>46,434</b>	<b>54,708,774</b>

**Global Tea & Commodities Ltd**  
**Annual Report and Financial Statements**

**Consolidated Statement of Cash Flows**

for the year ended 31 December 2019

	2019	Restated 2018
	\$	\$
<b>Cash flow from operating activities</b>		
(Loss)/ profit for the year	(2,680,247)	1,132,642
<i>Adjustment for:</i>		
Finance income	(446,616)	(260,513)
Finance costs	3,260,655	3,209,368
Other (gains) and losses	(15,491)	(54,711)
Taxation	1,038,397	455,778
Depreciation of property, plant and equipment	1,650,051	1,574,715
Impairment of investments	3,300,000	-
Profit on disposal of property, plant and equipment	(39,974)	(28,558)
Impairment of tangible assets	61,892	49,911
Change in fair value of biological assets	(640,176)	(92,651)
Exchange adjustment	(184,741)	(4,031)
<i>Changes in working capital:</i>		
Increase in inventories	(5,961,946)	(664,079)
Increase in trade and other receivables	(3,189,616)	(790,865)
Increase/(decrease) in trade and other payables	846,535	(276,385)
<b>Cash (used in)/generated from operations</b>	<b>(3,001,277)</b>	<b>4,250,621</b>
Income tax paid	(176,677)	(236,626)
<b>Net cash (used in)/from operating activities</b>	<b>(3,177,954)</b>	<b>4,013,995</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(788,144)	(599,113)
Proceeds from disposal of property, plant and equipment	2,821	61,221
Proceeds from disposal of biological assets	54,693	-
Interest received	127,290	121,900
Dividends received	-	1,880
<b>Net cash used in investing activities</b>	<b>(603,340)</b>	<b>(414,112)</b>
<b>Cash flow from financing activities</b>		
Increase in trade finance & guarantees	1,798,198	3,454,171
Receipts from lease assets	1,871,565	-
Repayment of lease liabilities	(1,498,497)	(72,923)
Receipt of new bank loans	3,119,479	500,000
Receipt of other loans	-	4,000,000
Repayment of borrowings	(1,158,447)	(1,837,904)
Interest paid	(3,230,651)	(3,131,054)
Net payment of other long term payables	(1,960)	(470,933)
<b>Net cash generated from financing activities</b>	<b>899,687</b>	<b>2,441,357</b>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(2,881,607)</b>	<b>6,041,240</b>
Cash and cash equivalents at beginning of the year	(6,130,676)	(12,173,362)
Effect of foreign exchange rate movements	(3,952)	1,446
<b>Cash and cash equivalents at end of year (note 20)</b>	<b>(9,016,235)</b>	<b>(6,130,676)</b>

## **Notes to the Financial Statements**

**for the year ended 31 December 2019**

### **1. Corporate information**

Global Tea & Commodities Ltd is a company limited by shares and incorporated in England and Wales. The registered address of the Company is 1 Duchess Street, London, W1W 6AN.

The consolidated financial statements incorporate the financial statements of the Company and entities (its subsidiaries) controlled by the Company (collectively comprising the Group) and the Group's interest in associates.

The principal activities of the Group are included in the Directors' Report on page 5.

### **2. Accounting policies**

#### **2.1. Basis of preparation**

##### ***Statement of compliance***

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

##### ***Basis of measurement***

The financial statements have been prepared on the historical cost basis, except for certain properties, financial instruments and biological assets that are measured at revalued amounts or fair values at the end of each reporting period.

##### ***Going concern***

The directors have prepared detailed forecasts for the period to 31 December 2024 which includes a review of the group's covenant compliance over this period.

The group is forecasting continued profitability in 2020 (in line with 2019 pre the investment impairment) and for the period to 31 December 2024 and is forecast to be cash generative over this period.

At year end the group has a number of banking covenants to comply with. Based on the 2019 statutory accounts some of these covenants have been breached. The directors fully expect covenants waivers to be provided by the relevant banks who have confirmed that there is no risk that these will not be provided.

In addition the forecasts prepare demonstrate similar covenants breaches for the 2020 year end. Based on correspondence with the banks again the directors fully expect waiver letters to be issued and the banks have confirmed that there is no risk that these will not be provided.

The directors have concluded that based on correspondence with the banks they are confident and fully expect the banks will provide the covenants waiver letters for the 2019 and 2020 year ends. Therefore the directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### ***Functional and presentational currency***

The financial statements are presented in US Dollars. The Company's functional currency is also US Dollars as this is the currency of the primary economic environment in which the Company operates. The spot exchange rate at 31 December 2019 for sterling to US Dollars was 1.33 (2018: 1.28).

##### ***Use of estimates and judgements***

The preparation of the financial statements in conformity with international accounting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 2.20.

### **2.2. Foreign currency**

Transactions in foreign currencies are translated into the respective functional currencies of the operations at the spot exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at each reporting date are translated into the functional currency at the spot exchange rates as at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss.

On consolidation, the assets and liabilities of foreign subsidiaries are translated into US Dollars at the rate of exchange prevailing at the reporting date and their statements of comprehensive income are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign subsidiary, the component of other comprehensive income relating to that particular foreign subsidiary is recognised in profit or loss.

Any goodwill arising on the acquisition of foreign subsidiaries and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign subsidiaries and translated at the spot rate of exchange at the reporting date.

### **2.3. Basis of consolidation**

The Group financial statements consolidate those of the Parent Company and the subsidiaries that the Parent has control. Control is established when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Where a subsidiary is acquired/disposed of during the year, the consolidated profits or losses are recognised from/until the effective date of the acquisition/disposal.

All inter-company balances and transactions between group companies have been eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net asset that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interest based on their respective ownership interests.

### **2.4. Business combinations**

The Group applies the acquisition method of accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group. Acquisition costs are expensed as incurred.

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **2.4. Business combinations (continued)**

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquired subsidiary's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the fair value of consideration transferred, over the Group's share of the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

### **2.5. Investments in associates**

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

### **2.6. Revenue**

Revenue is derived from the trading of loose tea, coffee beans and macadamia nuts and the sale of packaged tea.

Revenue represents the amount receivable for the provision of services and the sale of goods during the year, excluding VAT and trade discounts. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably.

### **2.7. Income tax**

Current income tax assets and/or liabilities comprise obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid/due at the reporting date. Current tax is payable on taxable profits, which may differ from profit or loss in the financial statements. Calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted at the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). However, for deductible temporary differences associated with investments in subsidiaries and associates a deferred tax asset is recognised when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 2.8. Property plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at cost or their revalued amounts, being their cost or fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of property, plant and equipment is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Leasehold land and property	over the remaining lease period
Semi-permanent buildings	over 10 years
Permanent buildings	over 50 years
Tea nursery structures	over 3 years
Motor vehicles	over 5 years
Fixtures, fittings & equipment	over 5 years
Plant and machinery	over 15 years
Bearer plants	10 to 37 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 2.9. Investment property

Investment properties are long term investments in land and buildings that are not occupied substantially for own use. Investment properties are initially recognised at cost and subsequently stated at fair value representing open market value at the reporting date. Changes in fair value are recorded in profit or loss.

Subsequent expenditure on investment properties where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year in which it is incurred.

Gains and losses on disposal of investment properties are determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

### 2.10. Biological assets

*Biological assets: non current*

Biological assets that do not meet the definition of bearer plants are measured on initial recognition and at the end of each reporting period at fair value less cost to sell, unless fair value cannot be measured reliably.

Where the Group cannot obtain a reliable fair value, biological assets are measured at cost less accumulated depreciation.

*Biological assets: current*

Produce is valued using market based approaches or on the basis of net present values of expected future cash flows and includes certain assumptions about yields, selling prices, costs and discount rates. As the crop is harvested it is transferred to inventory at fair value.

### 2.11. Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset or cash-generating unit is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost of disposal and value in use. The value in use is calculated as being net projected cash flows based on financial forecasts discounted back to present value.

The impairment loss is allocated to reduce the carrying amount of the asset, first against the carrying amount of any goodwill allocated to the cash-generating unit, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 2.12. Inventories

Agricultural produce is included within inventory and largely comprises stock of coffee and macadamia nuts. In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs.

Other inventories are measured at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.13. Financial instruments

Financial instruments are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value adjusted for any directly attributable transaction costs.

#### *Financial assets carried at amortised cost*

Financial assets carried at amortised cost are classified as loans and receivables and comprise trade and other receivables and cash and cash equivalents. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss on loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and reward are transferred.

#### *Investments in equity interests*

Investments in equity interests are classified as available for sale financial assets ('AFS'). These AFS equity investments do not have a quoted market price in an active market and the fair value cannot be reliably measured and therefore are measured at cost.

Dividends receivable on AFS equity instruments are recognised in profit or loss when the right to receive the dividend is established.

#### *Financial liabilities carried at amortised cost*

These financial liabilities include trade and other payables and borrowings. Financial liabilities are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

#### *Financial assets and liabilities at fair value through profit or loss*

The Group uses cross currency swaps to reduce its exposure to risks from interest rates and foreign exchange movements. Such financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.



## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **2.14. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in the statement of financial position.

### **2.15. Employee retirement benefits**

The Group operates defined contribution schemes. Payments into the scheme are recognised as an expense when employees have rendered services entitling them to the scheme.

### **2.16. Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### **2.17. Leases**

All leases are accounted for by recognising a right-of-use asset and a lease liability except for leases of low value assets; and leases with a duration of twelve months or less.

IFRS 16 was adopted 1 January 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 January 2019, see note 24. The following policies apply subsequent to the date of initial application, 1 January 2019.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes: amounts expected to be payable under any residual value guarantee; the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: lease payments made at or before commencement of the lease; initial direct costs incurred; and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Where the company acts as a lessor and it is deemed that the risks and rewards of ownership have been substantially transferred then the company will recognise an interest in the lease, this being the present value of future lease receipts discounted at the interest rate implicit in the lease or, if this is not specified, at the company's incremental borrowing rate. The finance lease receivable will be increased by the interest received less payments made by the lessee.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 2.18. Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

### 2.19. Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium account represents the difference between the nominal value of shares issued and the issue price.

The capital reserve arose on the conversion of 'B' ordinary shares.

Translation reserve represents the cumulative foreign exchange differences arising on the translation of foreign operations and subsidiaries.

Revaluation reserves are stated net of deferred tax calculated in accordance with the tax regulations of the jurisdiction in which they arise and represent cumulative gains net of losses on revaluation of property, plant and equipment. The reserve is not considered to be distributable to the shareholders.

Retained earnings include all current and prior period retained profits.

### 2.20. Significant management judgements in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### *Significant management judgements*

The following are significant management judgements in applying the accounting policies of the Group that have the most effect on the financial statements.

#### *Recognition of deferred tax assets*

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### *Estimation uncertainty*

Information about estimates and assumptions that have the most significant effect on the recognition of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### *Impairment of non-financial assets*

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and using an interest rate to discount them. Estimation uncertainty relates to the assumptions about future operating results and the determination of a suitable discount rate.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 2.20. Significant management judgements in applying accounting policies and estimation uncertainty (continued)

#### *Fair value measurement*

Management uses valuation techniques to determine the fair value of assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual process that would be achievable in arm's length transactions at the reporting date.

#### *Determining residual values and useful economic lives of fixed assets*

Certain property, plant and equipment is depreciated over its estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

#### *Recoverability of receivables*

A provision for receivables is established where it is estimated that the receivables are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of the counterparty from whom the debt is owed.

### 2.21. Standards, amendments and interpretations adopted in the current financial year ended 31 December 2019

New standards impacting the Group that will be adopted in the financial statements for the year ended 31 December 2019, and which have given rise to changes in the Group's accounting policies are:

#### *IFRS 16 Leases*

The impact of this standard is disclosed in note 12, note 18 and note 24. Other new standards and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

### 2.22. Standards, amendments and interpretations in issue but not yet effective

At the date of adoption of these financial statements, there are no new Standards, or amendments to existing Standards, that have been published by the International Accounting Standards Board that are not effective.

### 2.23 Prior year reclassification

Certain disclosures in the Consolidated Statement of Financial Position have been reclassified.

A revolving credit facility which had been previously been disclosed as a bank overdraft has been disclosed as a bank loan in accordance with the terms of the agreement.

Bank overdrafts have reduced by \$5,000,000 and borrowings less than one year have increased by \$5,000,000. There has been no impact on the results for the year or net assets in the prior year.

As a result of this amendment cash and cash equivalents at year end have reduced by \$5,000,000 in the prior year. There is no impact on the increase in cash in the prior year as this facility had been in place in previous years.

## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2019

### **3. Revenue**

All of the Group's revenue relates to the sale of goods.

Revenue can be analysed by commodity as follows:

	2019	2018
	\$	\$
Tea	179,277,438	203,551,981
Macadamia	11,480,979	11,594,476
Coffee	1,449,261	831,318
Dairy	739,129	504,297
	<u>192,946,807</u>	<u>216,482,072</u>

Revenue can be analysed by geographical area as follows:

	2019	2018
	\$	\$
Asia	141,281,552	159,662,348
Africa	31,045,966	26,726,879
United Kingdom	7,256,175	15,323,167
Europe	6,385,328	7,269,168
North America	5,095,080	4,296,534
Middle East	1,882,706	3,203,976
	<u>192,946,807</u>	<u>216,482,072</u>

### **4. Operating profit**

	2019	2018
	\$	\$
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	1,637,990	1,574,715
Depreciation of right-of-use assets	12,061	-
Impairment of property, plant and equipment	61,892	49,911
Profit on disposal of property, plant and equipment	(39,974)	(28,558)
Cost of inventories recognised as expense	160,343,200	193,610,779
Net foreign exchange gain	(735,773)	(643,527)
Operating lease expenses	<u>-</u>	<u>60,538</u>

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **5. Auditor's remuneration**

The analysis of the auditor's remuneration is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Fees payable to the company's auditor and their associates for the audit of the company's annual accounts</b>	<b>75,654</b>	<b>69,941</b>
<b>Fees payable to the company's auditor and their associates for other services to the Group</b>		
- Audit of the Company's subsidiaries	10,754	11,178
<b>Total audit fees</b>	<b>86,408</b>	<b>81,119</b>
- Taxation advisory services	9,602	11,381
- Other	-	1,916
<b>Total non-audit fees</b>	<b>9,602</b>	<b>13,297</b>

### **6. Directors' remuneration**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Directors' emoluments	807,907	602,361
Pension contributions	35,909	45,244
	<b>843,816</b>	<b>647,605</b>

The number of directors for whom entitlements are accruing under the money purchase pension scheme is 3 (2018: 3).

The aggregate of emoluments and amounts receivable under long term incentive scheme of the highest paid director was \$351,660 (2018: \$199,207), and pension contributions of \$7,827 (2018: \$14,903) were made to a money purchase scheme on his behalf.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 7. Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2019 Number	2018 Number
Production and distribution	3,471	2,872
Administration	199	184
Sales and marketing	62	66
	<u>3,732</u>	<u>3,122</u>

#### Employment costs

	2019 \$	2018 \$
Wages and salaries	7,061,447	6,352,689
Social security costs	164,664	136,526
Pension costs	161,299	121,358
	<u>7,387,410</u>	<u>6,610,573</u>

### 8. Finance income

	2019 \$	2018 \$
Interest on bank deposits	1,064	4,388
Interest on leased assets	121,952	-
Other interest	323,600	254,245
Dividends received	-	1,880
	<u>446,616</u>	<u>260,513</u>

### 9. Finance costs

	2019 \$	2018 \$
Interest on bank overdrafts and bank loans	3,128,327	3,209,269
Interest on obligations under finance leases	132,328	99
	<u>3,260,655</u>	<u>3,209,368</u>

## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2019

### **10. Other gains and (losses)**

	2019 \$	2018 \$
Foreign exchange (loss)/gain on retranslation of hedged bank loan	(173,925)	255,941
Fair value profit/(loss) on cross currency swap (note 25)	<u>189,416</u>	<u>(201,230)</u>
	<u>15,491</u>	<u>54,711</u>

### **11. Income tax**

	2019 \$	2018 \$
Corporation tax:		
Current year	679,938	188,491
Adjustments in respect of prior years	<u>193</u>	<u>(13,598)</u>
	680,131	174,893
Deferred tax:		
Current year	381,542	284,774
Currency adjustment	<u>(23,276)</u>	<u>(3,889)</u>
	358,266	280,885
Total tax expense	<u>1,038,397</u>	<u>455,778</u>

The tax rate used for the reconciliation is the corporate tax rate of 19.00% (2018: 19.00%) payable by the corporate entities in the UK on taxable profits under UK tax law.

The total tax expense for the year can be reconciled to the profit for the year as follows:

	2019 \$	2018 \$
(Loss)/profit before taxation	<u>(1,641,850)</u>	<u>1,588,420</u>
Income tax calculated at 19.00% (2018: 19.00 %)	(311,952)	301,800
Expenses not deductible for tax	1,179,301	176,042
Depreciation for period in deficit of capital allowances	15,492	6,261
Short term timing differences	63,636	68,748
Utilisation of tax losses	(39,996)	(315,037)
Adjustments to tax charge in respect of previous periods	193	87,989
Differences in tax rates on overseas earnings	126,980	98,036
Exchange adjustment	3,016	22,730
Other	1,727	9,209
Total tax expense	<u>1,038,397</u>	<u>455,778</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 12. Right-of-use assets

The Company implemented IFRS16 with effect from 1 January 2019 and the accounting policy adopted is set out in detail on page 23.

	<b>2019</b>
	<b>\$</b>
<b>Group and Company</b>	
<i>Deemed Cost:</i>	
At 1 January 2019, on implementation	-
Additions in the year	956,991
<b>At 31 December 2019</b>	<b>956,991</b>
<i>Accumulated depreciation</i>	
At 1 January 2019, on implementation	-
Depreciation for the year	12,061
<b>At 31 December 2019</b>	<b>12,061</b>
<i>Net book value</i>	
<b>At 31 December 2019</b>	<b>944,930</b>



**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2019

**13. Property, plant and equipment**

	Land	Buildings & construction	Short term leasehold improvements	Plant & machinery	Tractors & agricultural equipment	Motor vehicles	Fixtures, fittings & equipment	Assets in the course of construction	Bearer plants	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost or valuation</b>										
As at 1 January 2018	9,683,491	5,048,145	63,005	9,002,314	1,156,227	2,199,060	1,064,802	144,943	9,843,600	38,205,587
Additions	-	1,731	-	66,084	35,611	149,104	64,979	1,007	280,597	599,113
Revaluation	1,191,300	886,285	-	-	-	-	-	-	-	2,077,585
Transfers	-	-	-	-	1,007	(744)	744	(1,007)	-	-
Disposals	-	-	-	-	-	(95,025)	-	-	(1,767)	(96,792)
Impairment	-	-	-	(11,533)	(68,904)	(41,712)	(1,490)	-	-	(123,639)
Currency adjustment	-	-	-	14,317	-	5,286	3,090	-	-	22,693
<b>As at 31 December 2018</b>	<b>10,874,791</b>	<b>5,936,161</b>	<b>63,005</b>	<b>9,071,182</b>	<b>1,123,941</b>	<b>2,215,969</b>	<b>1,132,125</b>	<b>144,943</b>	<b>10,122,430</b>	<b>40,684,547</b>
Additions	-	19,903	17,514	163,224	49,816	104,843	54,358	74,513	303,974	788,145
Revaluation	11,098,840	(297,572)	-	21,199	(548,152)	(79,331)	(18,550)	-	24,495,201	34,671,635
Transfers	-	-	-	126,783	74,513	(213)	639	(201,934)	-	(212)
Disposals	-	-	-	-	-	(13,436)	-	-	-	(13,436)
Impairment	-	-	-	-	-	-	-	-	(128,195)	(128,195)
Currency adjustment	-	-	-	4,503	-	1,840	1,111	-	-	7,454
<b>As at 31 December 2019</b>	<b>21,973,631</b>	<b>5,658,492</b>	<b>80,519</b>	<b>9,386,891</b>	<b>700,118</b>	<b>2,229,672</b>	<b>1,169,683</b>	<b>17,522</b>	<b>34,793,410</b>	<b>76,009,938</b>

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**Notes to the Financial Statements (continued)**  
for the year ended 31 December 2019

**13. Property, plant and equipment (continued)**

	Land	Buildings & construction	Short term leasehold improvements	Plant & machinery	Tractors & agricultural equipment	Motor vehicles	Fixtures, fittings & equipment	Assets in the course of construction	Bearer plants	Total
<b>Depreciation</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2018	313,652	529,068	63,005	3,484,665	390,489	1,360,015	705,308	-	1,127,182	7,973,384
Charge	81,425	106,248	-	622,954	115,342	227,534	75,715	-	345,496	1,574,714
Impairment	-	-	-	(10,557)	(39,553)	(23,266)	(1,460)	-	(659)	(75,495)
Transfers	-	-	-	-	-	-	-	-	-	-
Revaluation	(395,077)	(380,037)	-	-	-	-	-	-	-	(775,114)
Disposals	-	-	-	-	-	(62,385)	-	-	-	(62,385)
Currency adjustment	-	-	-	3,686	-	3,212	1,496	-	-	8,394
As at 31 December 2018	-	255,279	63,005	4,100,748	466,278	1,505,110	781,059	-	1,472,019	8,643,498
Charge	132,004	165,670	1,163	602,741	81,446	175,216	69,420	-	410,330	1,637,990
Impairment	-	-	-	-	-	-	-	-	(66,303)	(66,303)
Transfers	-	-	-	-	-	(213)	-	-	-	(213)
Revaluation	(132,004)	(353,093)	-	(725,911)	(547,724)	(199,214)	(74,140)	-	(1,816,046)	(3,848,132)
Disposals	-	-	-	-	-	(12,946)	-	-	-	(12,946)
Currency adjustment	-	-	-	2,184	-	1,307	677	-	-	4,168
As at 31 December 2019	-	67,856	64,168	3,979,762	-	1,469,260	777,016	-	-	6,358,062
<b>Carrying amount</b>										
As at 31 December 2019	21,973,631	5,590,636	16,351	5,407,129	700,118	760,412	392,667	17,522	34,793,410	69,651,876
As at 31 December 2018	10,874,791	5,680,882	-	4,970,434	657,663	710,859	351,066	144,943	8,650,411	32,041,049

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **13. Property, plant and equipment (continued)**

The net book value of assets held under finance leases is as follows

	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Plant & Machinery	-	-	315,561
Motor Vehicles	-	25,710	54,487
	<u>-</u>	<u>25,710</u>	<u>370,048</u>

The depreciation charged on assets held under finance leases was \$Nil (2018: \$17,171).

The Company did not have any capital commitments at the balance sheet date (2018: Nil).

#### **Fair value measurement of the Group's property, plant and equipment**

Certain of the group's property, plant and equipment are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's property, plant and equipment in Malawi as at 31 December 2019 was performed by Charles Chifambe, MRICS, a qualified valuer of Interval Services (Proprietary) Limited, Botswana. The valuation conforms to International Valuation Standards.

The fair value of certain property, plant and equipment was determined based on market value assuming continuing present usage. The resultant revaluation gains/losses are taken to revaluation reserve and are not available for distribution until realised. There has been no change to the valuation technique during the year.

The fair value of land and buildings in Kenya was determined by reference to the market prices of similar properties of the same type and in the area in which the property is situated. The valuation was carried out by Elite Africa Valuers Limited, an independent professional valuer with recent experience in the location and category of property being valued. The revaluation was carried out on 30 December 2019.

The fair revaluation of investment property is considered to represent level 3 valuation based on significant non-observable inputs being the location and condition of the property. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between levels 1, 2 or 3 fair values during the year.

Had these items of property, plant and equipment been measured at the historical basis, the carrying amount would be as follows, note there is no difference reported for short term leasehold improvements and assets in the course of construction which are measured at historic cost.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 13. Property, plant and equipment (continued)

	2019 \$	2018 \$
<i>At revaluation</i>		
Land	21,973,631	10,874,791
Building & construction	5,590,636	5,680,882
Plant and machinery	5,407,129	4,970,433
Tractors & agricultural equipment	700,118	657,663
Motor vehicles	760,412	710,860
Fixtures, fittings & equipment	392,667	351,064
Bearer plants	34,793,410	8,650,141
	<u>69,618,003</u>	<u>31,895,834</u>
<i>At cost</i>		
Land	1,353,672	1,485,676
Building & construction	2,168,326	2,269,449
Plant and machinery	3,829,593	4,069,588
Tractors & agricultural equipment	519,849	449,784
Motor vehicles	685,577	750,082
Fixtures, fittings & equipment	307,565	320,365
Bearer plants	8,482,163	8,650,141
	<u>17,346,745</u>	<u>17,995,085</u>

### 14. Biological assets

	Macadamia \$	Livestock \$	Total \$
<b>As at 1 January 2018</b>	<b>738,831</b>	<b>121,380</b>	<b>860,211</b>
Currency adjustment	(4,242)	(697)	(4,939)
Fair value adjustment	78,126	14,525	92,651
Disposals	-	-	-
<b>As at 31 December 2018</b>	<b>812,715</b>	<b>135,208</b>	<b>947,923</b>
Currency adjustment	(7,524)	(1,252)	(8,776)
Fair value adjustment	598,659	41,517	640,176
Disposals	-	(54,693)	(54,693)
<b>As at 31 December 2019</b>	<b>1,403,850</b>	<b>120,780</b>	<b>1,524,630</b>
	2019 \$	2018 \$	
Biological assets -non-current	120,780	135,208	
Biological assets -current	1,403,850	812,715	
	<u>1,524,630</u>	<u>947,923</u>	

The biological assets comprise dairy livestock and the unharvested value of macadamia nuts.

Livestock have been valued using current market prices.

Macadamia nuts have been valued using the value of macadamia nuts harvested between January 2020 and March 2020.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 14. Biological assets (continued.)

#### Fair value movement in biological assets

	2019 \$	2018 \$
Macadamia	598,659	78,126
Dairy livestock	41,517	14,525
<b>Net fair value surplus in the year</b>	<b>640,176</b>	<b>92,651</b>

As at the year end, there were no capital commitments for the development or acquisition of biological assets.

There are no financial risk management strategies related to agricultural activity.

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **15. Subsidiaries**

The group consists of the parent company, Global Tea & Commodities Ltd, incorporated in the UK, a number of subsidiaries held directly and indirectly by Global Tea & Commodities Ltd, and two companies not formally owned by Global Tea & Commodities Ltd but over which Global Tea & Commodities Ltd exercises full management and control.

Information about the composition of the Group at the end of the reporting period is as follows:

<b>Company</b>	<b>Country of registration or incorporation</b>	<b>Nature of business</b>	<b>Percentage shareholding</b>
Global Tea & Commodities (Kenya) Limited	Kenya	Trading	100%
Sable Farming Company Limited	Malawi	Plantation	100%
Global Tea & Commodities (Malawi) Limited	Great Britain	Trading	100%
Gold Crown Beverages (Kenya) Limited	Kenya	Manufacture	100%
Gold Crown Foods (EPZ) Limited	Kenya	Manufacture	100%
Tea Brokers Central Africa Limited	Malawi	Tea Broking	82%
Gold Crown Speciality Foods Limited	Great Britain	Manufacture	100%
Wilson Smithett & Company Limited	Great Britain	Holding	100%
Gold Crown Foods (Tanzania) Limited	Tanzania	Dormant	100%
Global Foods Limited	Somaliland	Distribution	0%
Barsha Tea Packaging and Distribution Enterprises	Sudan	Distribution	0%

### **16. Investments**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Investment in associates	<b>26,098</b>	26,098
Other participating interests	<b>3,134,874</b>	6,434,874
Equity investments	<b>3,113</b>	3,113
	<b><u>3,164,085</u></b>	<b><u>6,464,085</u></b>

The Group has an associate interest of a 33% shareholding in Blue Mountain Tea & Commodities Limited, which is a trading company incorporated in India. The group has not accounted for Blue Mountain Tea & Commodities Limited as an associate and the investment is held at cost on the grounds of materiality.

The Group has a participating interest by way of a 5% shareholding in Anglo-Dal Trading Sp. z.o.o, which is a trading company incorporated in Poland at a cost of \$5,000.

The Group has a participating interest by way of a 6.8% shareholding in Typhoo Tea Limited, a company incorporated in Great Britain at a cost of \$6,429,874. At year end the directors have impaired this investment by \$3,300,000 to its recoverable amount. The carrying value of the investment is \$3,129,874.

Gold Crown Beverages (Kenya) Limited holds shares in Uchumi Supermarket Limited at a cost of \$3,113. Uchumi Supermarket Limited is listed on the Nairobi Securities Exchange.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 17. Inventories

	2019 \$	2018 \$
Raw materials	20,952,341	17,510,227
Work in progress	631,374	450,754
Finished goods	5,689,648	3,334,947
	<u>27,273,363</u>	<u>21,295,928</u>

### 18. Interest in lease

The Company implemented IFRS16 with effect from 1 January 2019 and the accounting policy adopted is set out in detail on page 22.

Group and Company	2019 \$
At 1 January 2019, on implementation	6,531,539
Interest income for the year	121,952
Lease receipts	(1,993,517)
At 31 December 2019	<u>4,659,974</u>

Group and Company	2019 \$
Due after more than one year	3,117,243
Due within one year	1,542,731
At 31 December 2019	<u>4,659,974</u>

The premises shown above are sub-let to third parties under a lease which has the same terms and conditions as the Company's own lease.

### 19. Trade and other receivables

	2019 \$	2018 \$
<b>Current</b>		
Trade receivables	29,033,504	25,401,461
VAT recoverable	143,528	169,922
Other receivables	2,775,288	2,937,132
Directors' loan accounts	66,378	1,990
Accrued interest receivable	482,875	163,549
Prepayments and accrued income	1,168,520	1,564,925
	<u>33,670,093</u>	<u>30,238,979</u>
<b>Non-current</b>		
Other receivables	<u>5,263,623</u>	<u>5,099,984</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 19. Trade and other receivables (continued)

The movement in the allowance for doubtful debts during the year is as follows:

	2019 \$	2018 \$
Balance at 1 January	422,939	462,028
Impairment loss made during the year	263,083	226,960
Reversal of impairment loss	(5,011)	(268,269)
Currency adjustments	1,836	2,220
Balance at 31 December	<u>682,847</u>	<u>422,939</u>

Debts that are past due, but not impaired are analysed as follows:

	2019 \$	2018 \$
0-30 days	1,816,985	2,483,518
30-60 days	322,832	1,043,014
60-90 days	326,570	3,093,576
90-120 days	438,352	651,605
+120 days	5,917,136	10,748,870
	<u>8,821,875</u>	<u>18,020,583</u>

The Company does not hold full collateral over the above and the directors consider that the carrying amount of trade and other receivables approximates to their fair value.

### 20. Cash and cash equivalents

	2019 \$	Restated 2018 \$
Cash and bank balances	1,173,821	1,379,938
Bank overdraft (note 22)	(10,190,056)	(7,510,614)
	<u>(9,016,235)</u>	<u>(6,130,676)</u>

### 21. Trade and other payables

	2019 \$	2018 \$
<b>Current</b>		
Trade payables	15,812,768	16,908,727
Other taxation and social security costs	133,826	67,982
Accruals and deferred income	2,266,442	2,938,331
Other payables	2,755,822	89,627
Directors' loan accounts	-	-
	<u>20,968,858</u>	<u>20,004,667</u>
<b>Non-Current</b>		
Other payables	<u>73,541</u>	<u>75,501</u>

The carrying amount of trade and other payables approximates to their fair value.



## **Notes to the Financial Statements (continued)**

for the year ended 31 December 2019

### **22. Borrowings**

	<b>2019</b>	<b>Restated 2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Bank overdraft (note 20)	10,190,056	7,510,614
Trade finance & guarantees	20,220,316	18,422,118
Bank loans	8,298,619	6,236,571
Finance lease obligations	-	4,528
	<u>38,708,991</u>	<u>32,173,831</u>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Bank loans	3,022,276	3,123,292
Other loans	4,000,000	4,000,000
Finance lease obligations	-	454
	<u>7,022,276</u>	<u>7,123,746</u>

Bank loans, other loans and overdrafts are secured by an unlimited company cross guarantee and unlimited multilateral cross guarantees given by group companies, a general letter of pledge, a letter of set-off and a debenture secured by a fixed and floating charge over the assets of the Company and specified assets of its subsidiaries.

Borrowings is made up of an overdraft, and bank loans bearing interest at 2.8% and 4.5% over 3 month LIBOR. The bank loans are repayable in the next seven years.

The carrying amount of borrowings approximates to their fair value.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 23. Commitments under finance leases

	<b>Minimum lease payments</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts payable under finance leases</b>		
In one year or less	2,093,912	8,508
Between one and five years	3,639,307	1,304
In five years or more	517,300	-
	<u>6,250,519</u>	<u>9,812</u>
Future finance charges	(293,147)	(4,830)
Present value of lease obligation	<u>5,957,372</u>	<u>4,982</u>
	<b>Present value of minimum lease payments</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Amounts payable under finance leases</b>		
In one year or less	1,972,201	4,528
Between one and five years	3,496,961	454
In five years or more	488,210	-
Present value of lease obligation	<u>5,957,372</u>	<u>4,982</u>

Finance leases relate to the purchase of motor vehicles and plant and machinery and the rental of property.

There are no restrictions imposed on the use of the assets.

### 24. Lease liabilities

The Company implemented IFRS16 with effect from 1 January 2019 and the accounting policy adopted is set out in detail on page 22.

	<b>2019</b>
	<b>\$</b>
<b>Group and Company</b>	
<i>Deemed Cost:</i>	
At 1 January 2019, on implementation	6,493,896
Additions in the year	956,991
Interest charge for the year	131,262
Lease payments	<u>(1,624,777)</u>
<b>At 31 December 2019</b>	<u><b>5,957,372</b></u>

The maturity profile of the lease liabilities is as follows:

Due in less than one year	1,972,201
Due between 1-2 years	1,643,590
Due between 2-5 years	1,853,371
Due after more than 5 years	488,210
<b>At 31 December 2019</b>	<u><b>5,957,372</b></u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 25. Derivative financial instruments

	2019	2018
	\$	\$
<b>Cross currency swap</b>		
Fair value of cross currency swap	<u>125,465</u>	<u>314,882</u>

On 22 December 2016 the Company borrowed GBP 4,895,362 at a variable interest rate of 2.8% over the 3m LIBOR rate.

On 23 December 2016 the Company entered into a contract to purchase GBP 4,895,362 for \$6,000,000 between 2017 and 2022 to hedge against the scheduled repayments of the GBP bank loan. On 23 December 2016 the Company entered into a contract to receive a GBP amount equivalent to its interest payment obligations under the GBP loan and to pay an amount equivalent to 4.5% of \$6,000,000 to hedge against the interest rate risk of the GBP loan. On 13 December 2017 the Company unwound these contracts and received a settlement premium of \$272,000.

On 13 December 2017 the Company entered into a contract to purchase GBP 4,283,441 for \$5,726,961 between 2017 and 2022 to hedge against the scheduled repayments of the GBP bank loan.

The fair value of the derivative contracts are a mark to market valuation obtained from the counter-party to the derivative contract.

The amounts credited to profit or loss in respect of derivative financial instruments was \$189,416 (2018: charge \$201,230).

### 26. Deferred tax (asset)/liability

	Accelerated capital allowances	Tax Losses	Other	Total
	\$	\$	\$	\$
As at 1 January 2018 ( <i>restated</i> )	4,674,641	(1,122,994)	382,360	3,934,007
(Credit)/charge to profit or loss	(148,316)	422,424	10,666	284,774
Deferred tax on revaluation	822,029	-	-	822,029
Currency adjustment	(4,903)	(153)	1,167	(3,889)
As at 31 December 2018	<u>5,343,451</u>	<u>(700,723)</u>	<u>394,193</u>	<u>5,036,921</u>
Charge/(credit) to profit or loss	(126,055)	177,681	329,916	381,542
Deferred tax on revaluation	13,691,169	-	-	13,691,169
Currency adjustments	(24,313)	3,800	(2,763)	(23,276)
As at 31 December 2019	<u>18,884,252</u>	<u>(519,242)</u>	<u>721,346</u>	<u>19,086,356</u>
		2019	2018	2017
		\$	\$	\$
Deferred tax asset		(521,953)	(707,224)	(1,251,514)
Deferred tax liability		<u>19,608,309</u>	<u>5,744,145</u>	<u>5,185,521</u>
		<u>19,086,356</u>	<u>5,036,921</u>	<u>3,934,007</u>

The Group has \$506,033 (2018: \$543,696) in relation to unrecognised tax losses.

The asset will be recognised when a suitable trading record has been established and it is probable that this will not reverse in the future.

These tax losses are not expected to expire.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 27. Share capital

	2019 \$	2018 \$
<b>Authorised, allocated, called up and fully paid</b>		
2 ordinary shares of £1 each	3	3
9,740,469 ordinary shares of \$1 each	9,740,469	9,740,469
	<u>9,740,472</u>	<u>9,740,472</u>

The 2 ordinary shares of £1 rank pari passu with the 9,740,469 ordinary shares of \$1.

### 28. Capital management

The directors consider the company's capital to comprise of share capital, long-term loans and reserves stated on the statement of financial position.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

### 29. Financial instruments

#### *Categories of financial instruments*

	2019 \$	2018 \$
<b>Financial assets:</b>		
- Cash and bank balances	1,173,821	1,379,938
- Loans and receivables	37,765,196	33,772,048
- Available-for-sale financial assets	3,137,987	6,437,987
<b>Financial liabilities</b>		
- Fair value through profit or loss	125,465	314,882
- Amortised cost	<u>64,507,224</u>	<u>56,432,443</u>

#### *Financial risk management objectives and policies*

The Group's principal financial instruments comprise borrowings, cash and short term deposits, derivatives, shareholder loans, receivables and payables. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The main financial risks faced by the Group relate to availability of funds to meet business needs and the risk of default by a counterparty in a financial transaction. The Group manages borrowing, liquidity, foreign exchange and banking relationships in accordance with Board approved policies designed to minimise exposures. The undertaking of financial transactions of a speculative nature is not permitted.

## **Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

### **29. Financial instruments (continued)**

The Group finances its operations by a combination of internally-generated cashflow, shareholder loans and bank borrowings. Refinancing risk is controlled by ensuring the Group has sufficient bank facilities to meet increases in projected borrowings over the following 12-month period.

#### ***Interest rate risk***

The Group is exposed to cash flow interest rate risk on bank overdrafts and short term borrowings. The Group seeks to mitigate this risk by fixing interesting bearing liabilities wherever possible. Fixed interest rates are used for all finance lease borrowing.

The Group uses derivative instruments to reduce its exposure to changes in interest rates.

At 31 December 2019, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would decrease/increase the Company's profit after tax and retained earnings by approximately \$110,204 (2018: \$66,815).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of the likely maximum change in interest rates over the period until the next reporting date.

#### ***Foreign currency risk***

The Group's principal foreign currency exposures arise from the purchase and sale of products in different currencies and from the translation of overseas assets and liabilities.

Group policy allows for but does not demand that the transactional exposures are hedged by the use of spot and forward contracts but seeks to match the aggregate position of foreign currency assets and liabilities to reduce exposure. The Group operates in countries that have historically been subject to devaluation. The group policy is to undertake frequent revaluations of the underlying assets to minimise the effects of the translation loss.

The following table details the Group's sensitivity to a 5% increase in US Dollars against the relevant foreign currencies. 5% is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates.

		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
Profit or (loss)	Pounds Sterling	(358,657)	413,102
Profit or (loss)	Euros	479	12,814
Profit or (loss)	Kenya Shillings	236,805	(237,797)
Profit or (loss)	Malawi Kwacha	807,426	148,217
Profit or (loss)	Sudanese Pound	(2,960)	(2,532)

The above excludes the retranslation of the hedged GBP loans, as any exchanges gains or losses are expected to be substantially offset by the change in the fair value of the cross currency swap (note 25).

#### ***Credit risk***

The Group's credit risk is primarily attributable to its trade and other receivables. The amounts included in the balance sheet are net of allowances for doubtful debts, which have been estimated by management based on expected credit losses at the reporting date which may indicate that a provision is required.

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 29. Financial instruments (continued)

#### Liquidity risk

The Group manages its cash and borrowing requirement to ensure the Group has sufficient bank facilities to meet increases in projected borrowings over the following 12-month period.

The following table details the remaining contractual maturities at the end of the reporting date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting date) and the earliest date the Group can be required to pay.

	Carrying amount	Total contractual Undiscoun- ted amount	Within 1 year or on demand	Between 1 & 2 years	Between 2 & 5 years	In 5 years or more
	\$	\$	\$	\$	\$	\$
<b>2019</b>						
Trade and other payables	18,775,957	18,775,957	18,702,416	-	-	73,541
Bank overdraft	10,190,056	10,190,056	10,190,056	-	-	-
Trade finance & guarantees	20,220,316	20,220,316	20,220,316	-	-	-
Bank loans	15,320,895	16,850,341	8,741,333	2,061,284	4,774,124	1,273,600
	<u>64,507,224</u>	<u>66,036,670</u>	<u>57,854,121</u>	<u>2,061,284</u>	<u>4,774,124</u>	<u>1,347,141</u>
<b>2018</b>						
Trade and other payables	17,139,848	17,139,848	17,064,347	-	-	75,501
Bank overdraft	7,510,614	7,510,614	7,510,614	-	-	-
Trade finance & guarantees	18,422,118	18,422,118	18,422,118	-	-	-
Bank loans	13,359,863	15,148,344	6,678,921	1,429,126	4,848,937	2,191,360
	<u>56,432,443</u>	<u>58,220,924</u>	<u>49,676,000</u>	<u>1,429,126</u>	<u>4,848,937</u>	<u>2,226,861</u>

## Notes to the Financial Statements (continued)

for the year ended 31 December 2019

### 30. Related party transactions

#### Key management personnel compensation

Key management personnel are considered to be the directors of the Company. Their remuneration has been disclosed in note 6.

#### Other related parties

During the year, the Group had the following transactions with other related parties:

	2019 \$	2018 \$
<b>Sales</b>		
Typhoo Tea Limited	4,468,071	15,145,040
Peerless Logistics Limited	577	-
	<u>4,468,648</u>	<u>15,145,040</u>
<b>Purchases</b>		
Typhoo Tea Limited	150,810	31,848
Peerless Logistics Ltd	881	-
Peerless Tea Services Ltd	9,208	11,041
Blue Mountain Tea and Commodities Limited	144,176	294,423
	<u>305,075</u>	<u>337,312</u>

During the year the Group charged interest of \$323,601 (2018: \$254,244) to Typhoo Tea Limited of which \$482,875 (2018: \$163,549) is outstanding at year end.

At the year end, the Group had the following balances with other related parties

	2019 \$	2018 \$
<b>Amounts due from Related Parties</b>		
Typhoo Tea Limited	25,416,156	23,132,465
Structured International Investments Corporation	1,720,769	1,854,567
Peerless Logistics Limited	292,287	295,549
Peerless Tea Services Limited	26,387	25,440
Sandhurst Management Inc.	2,816	-
	<u>27,458,415</u>	<u>25,308,021</u>
<b>Amounts due to Related Parties</b>		
Typhoo Tea Limited	2,741,292	2,516,265
Geyser International Assets Ltd	-	-
Peerless Logistics Limited	16,682	14,622
Peerless Tea Services Limited	1,247	-
Blue Mountain Tea and Commodities Limited	-	313,287
Sandhurst Management Inc.	-	10,052
	<u>2,759,221</u>	<u>2,854,226</u>

At year end as disclosed in note 19 \$66,378 (2018: \$1,990) is owed by the directors to the group.

The above related parties are considered to be "other related parties" as defined by IAS 24 Related Party Disclosures with the exception of Blue Mountain Tea and Commodities Limited, which is an associate.

**Notes to the Financial Statements (continued)**

**for the year ended 31 December 2019**

**31. Ultimate controlling party**

The directors of Global Tea & Commodities Limited, a company incorporated in England and Wales, consider the ultimate controlling party of the group to be Nadeem Ahmed.



## Company Statement of Financial Position

as at 31 December 2019

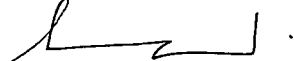
	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	35	944,930	-
Property, plant and equipment	34	1,091,836	1,289,555
Interest in lease	36	3,117,243	-
Investments	37	18,622,313	21,922,313
Trade and other receivables	39	5,263,623	5,099,984
		<u>29,039,945</u>	<u>28,311,852</u>
<b>Current assets</b>			
Inventories	38	2,596,690	1,374,528
Interest in lease	36	1,542,731	-
Trade and other receivables	39	12,755,756	9,274,586
Cash and bank balances		213,294	1,083,237
		<u>17,108,471</u>	<u>11,732,351</u>
<b>Total assets</b>		<u>46,148,416</u>	<u>40,044,203</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	40	11,705,872	7,197,811
Lease liabilities	42	1,972,201	-
Borrowings	41	6,089,806	6,044,837
		<u>19,767,879</u>	<u>13,242,648</u>
<b>Non-current liabilities</b>			
Trade and other payables	40	25,473	25,473
Borrowings	41	6,164,977	7,123,292
Lease liabilities	42	3,985,171	-
Derivative financial instruments	43	125,465	314,882
		<u>10,301,086</u>	<u>7,463,647</u>
<b>Total liabilities</b>		<u>30,068,965</u>	<u>20,706,295</u>
<b>Net assets</b>		<u>16,079,451</u>	<u>19,337,908</u>
<b>EQUITY</b>			
Share capital	46	9,740,472	9,740,472
Share premium		3,648,302	3,648,302
Capital reserve		1,358,762	1,358,762
Retained earnings		1,331,915	4,590,372
<b>Total equity</b>		<u>16,079,451</u>	<u>19,337,908</u>

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year. The company reported a loss after impairment of investments for the financial year ended 31 December 2019 of \$3,258,457 (2018 profit: \$1,472,301).

**Company Statement of Financial Position**

**as at 31 December 2019**

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2021 and signed on their behalf by:



N Ahmed

Director

The notes on pages 50 to 54 form part of these financial statements.

**Company Statement of Changes in Equity**  
**for the year ended 31 December 2019**

	Share capital \$	Share premium \$	Capital reserves \$	Retained earnings \$	Total equity \$
<b>At 31 December 2017</b>	<b>9,740,472</b>	<b>3,648,302</b>	<b>1,358,762</b>	<b>3,118,071</b>	<b>17,865,607</b>
Profit for the year	-	-	-	1,472,301	1,472,301
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,472,301</b>	<b>1,472,301</b>
Dividends paid	-	-	-	-	-
<b>At 31 December 2018</b>	<b>9,740,472</b>	<b>3,648,302</b>	<b>1,358,762</b>	<b>4,590,372</b>	<b>19,337,908</b>
Loss for the year	-	-	-	(3,258,457)	(3,258,457)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,258,457)</b>	<b>(3,258,457)</b>
Dividends paid	-	-	-	-	-
<b>At 31 December 2019</b>	<b>9,740,472</b>	<b>3,648,302</b>	<b>1,358,762</b>	<b>1,331,915</b>	<b>16,079,451</b>

## Notes to the Company Financial Statements

for the year ended 31 December 2019

### 32. Accounting policies of the Company

#### *Statement of compliance*

The separate financial statements of the Company are have been prepared in accordance with Financial Reporting Standard 101 “Reduced Disclosure Framework” (“FRS 101”) and in accordance with the applicable provisions of the Companies Act 2006. Except for certain disclosure exemptions detailed below, the recognition, measurement and disclosure requirements of International accounting standards in conformity with the requirements of the Companies Act 2006 have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 (“Regulations”).

#### *Disclosure exemptions applied*

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) the requirement of IFRS 7 ‘Financial Instruments: Disclosures’ relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) the requirement of IFRS 13 ‘Fair Value Measurement’ paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value;
- (iii) the applicable requirements of IAS 1 ‘Presentation of Financial Statements’ relating to the disclosure of comparative information in respect of the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73(e));
- (iv) the requirement of IAS 1 ‘Presentation of Financial Statements’ paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (v) the requirements of IAS 7 ‘Statement of Cash Flows’ and IAS 1 ‘Presentation of Financial Statements’ paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vi) the requirements of IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (vii) the requirements of IAS 24 ‘Related Party Disclosures’ relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points (i) to (ii), the equivalent disclosures are included in the consolidated financial statements of the group into which the Company is consolidated.

The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

Investments in subsidiaries and associates are stated at cost less, where appropriate, provisions for impairment.

#### **Prior year reclassification**

Certain disclosures in the Company Statement of Financial Position have been reclassified.

A revolving credit facility which had been previously been disclosed as a bank overdraft has been disclosed as a bank loan in accordance with the terms of the agreement.

Bank overdrafts have reduced by \$5,000,000 and borrowings less than one year have increased by \$5,000,000. There has been no impact on the results for the year or net assets in the prior year.

## Notes to the Company Financial Statements (continued)

for the year ended 31 December 2019

### 33. Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2019 Number	2018 Number
Production and distribution	1	-
Administration	3	3
Sales and marketing	2	2
	<u>6</u>	<u>5</u>

#### Employment costs

	2019 \$	2018 \$
Wages and salaries	1,045,737	786,455
Social security costs	131,977	97,397
Pension costs	43,750	50,876
	<u>1,221,464</u>	<u>934,728</u>

### 34. Property, plant and equipment

	Land	Short term leasehold improvements	Plant & machinery	Fixtures, fittings & equipment	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
As at 1 January 2019	21,306	63,005	2,145,088	317,469	2,546,868
Additions	-	17,515	-	16,426	33,941
Disposals	-	-	-	-	-
<b>As at 31 December 2019</b>	<u>21,306</u>	<u>80,520</u>	<u>2,145,088</u>	<u>333,895</u>	<u>2,580,809</u>
<b>Depreciation</b>					
As at 1 January 2019	-	63,005	911,661	282,647	1,257,313
Disposals	-	-	-	-	-
Charge	-	1,164	214,509	15,987	231,660
<b>As at 31 December 2019</b>	<u>-</u>	<u>64,169</u>	<u>1,126,170</u>	<u>298,634</u>	<u>1,488,973</u>
<b>Carrying amount</b>					
As at 31 December 2019	<u>21,306</u>	<u>16,351</u>	<u>1,018,918</u>	<u>35,261</u>	<u>1,091,836</u>
As at 31 December 2018	<u>21,306</u>	<u>-</u>	<u>1,233,427</u>	<u>34,822</u>	<u>1,289,555</u>

**Notes to the Company Financial Statements (continued)**  
**for the year ended 31 December 2019**

**35. Right-of-use assets**

For further details of the Company's right of use assets , please see note 12.

**36. Interest in lease**

For further details of the Company's lease liabilities , please see note 18.

**37. Investments**

Details of the Company investments in subsidiaries and other participating interests are listed in notes 15 and 16.

	2019 \$	2018 \$
Investment in subsidiaries	15,461,341	15,461,341
Other participating interests	<u>3,160,972</u>	<u>6,460,972</u>
	<u>18,622,313</u>	<u>21,922,313</u>

**38. Inventories**

	2019 \$	2018 \$
Raw materials	2,575,868	1,353,706
Finished goods	<u>20,822</u>	<u>20,822</u>
	<u>2,596,690</u>	<u>1,374,528</u>

**39. Trade and other receivables**

	2019 \$	2018 \$
<b>Current</b>		
Trade receivables	551,691	353,513
Amounts owed by subsidiary undertakings	9,286,230	5,834,996
VAT recoverable	-	31,993
Directors' loan account	66,378	1,990
Other receivables	2,005,184	2,159,708
Prepayments and accrued income	<u>846,273</u>	<u>892,386</u>
	<u>12,755,756</u>	<u>9,274,586</u>
<b>Non-Current</b>		
Other receivables	<u>5,263,623</u>	<u>5,099,984</u>

## Notes to the Company Financial Statements (continued)

for the year ended 31 December 2019

### 40. Trade and other payables

	2019 \$	2018 \$
<b>Current</b>		
Trade payables	2,717,139	3,244,226
Amounts owed to subsidiary undertakings	7,585,647	2,535,021
VAT payable	96,979	-
Other taxation and social security	133,826	67,982
Accruals and deferred income	1,172,281	1,350,582
	<u>11,705,872</u>	<u>7,197,811</u>
<b>Non-current</b>		
Other payables	<u>25,473</u>	<u>25,473</u>

### 41. Borrowings

	2019 \$	Restated 2018 \$
<b>Current</b>		
Bank overdrafts	7,318	3,740
Bank loans	<u>6,082,488</u>	<u>6,041,097</u>
	<u>6,089,806</u>	<u>6,044,837</u>
<b>Non-current</b>		
Bank loans	2,164,977	3,123,292
Other loans	<u>4,000,000</u>	<u>4,000,000</u>
	<u>6,164,977</u>	<u>7,123,292</u>
<b>Total borrowings</b>	<u>12,254,783</u>	<u>13,168,129</u>

#### Analysis of borrowings

	2019 \$	2018 \$
In one year or less, or on demand	6,089,806	6,044,837
Between one and two years	1,482,489	1,041,097
Between two and five years	3,482,488	4,082,195
In five years or more	<u>1,200,000</u>	<u>2,000,000</u>
	<u>12,254,783</u>	<u>13,168,129</u>

Borrowings is made up of an overdraft, and bank loans bearing interest at 2.8% and 4.5% over 3 month LIBOR. The bank loans are repayable in the next seven years.

### 42. Lease liabilities

For further details of the Company's lease liabilities, please see note 24.

## Notes to the Company Financial Statements (continued)

for the year ended 31 December 2019

### 43. Derivative financial instruments

For further details of the Company's derivative financial instruments, please see note 25.

### 44. Post Balance sheet event

In March 2020 the company saw the emergence of COVID-19. This is a non-adjusting post balance sheet and has had no impact on the reported assets and liabilities in these financial statements.

### 45. Related party transactions

#### Key management personnel compensation

Key management personnel are considered to be the directors of the Company. Their remuneration has been disclosed in note 6.

#### Other related parties

During the year, the Company had the following transactions with other related parties:

	2019 \$	2018 \$
<b>Sales</b>		
Typhoo Tea Limited	-	126,581
	<u>-</u>	<u>126,581</u>

During the year the Company charged interest of \$323,601 (2018: \$254,244) to Typhoo Tea Limited of which \$482,875 (2018: \$163,549) is outstanding at year end.

At the year end, the Company had the following balances with other related parties

	2019 \$	2018 \$
<b>Amounts due from Related Parties</b>		
Typhoo Tea Limited	5,630,755	5,450,515
Structured International Investments Corporation	1,720,769	1,854,567
Peerless Logistics Limited	8,550	8,550
Peerless Tea Services Limited	26,352	25,344
Sandhurst Management Inc.	2,816	-
	<u>7,389,242</u>	<u>7,338,976</u>
<b>Amounts due to Related Parties</b>		
Typhoo Tea Limited	2,588	2,489
Sandhurst Management Inc.	-	10,052
	<u>2,588</u>	<u>12,541</u>

At year end as disclosed in note 19 \$66,378 (2018: \$1,990) is owed by the directors to the group.

The above related parties are considered to be "other related parties" as defined by IAS 24 Related Party Disclosures with the exception of Blue Mountain Tea and Commodities Limited, which is an associate.

### 46. Share capital

For further details of the Company's share capital, please see note 27.