Finlay Extracts & Ingredients UK Limited

Annual report and financial statements
For the year ended 31 December 2021

Registered number 6459409

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Strategic report

The directors present their strategic report for the year ended 21.

Business review

James Finlay Limited is the leading independent B2B supplier of tea, coffee and botanical solutions to beverage brand owners worldwide. The company operates as the divisional head office for Finlays' Extract division and Finlays' Leaf Tea division, the primary focus of which is the manufacture, buying and selling of tea and coffee across the globe. The results detailed in this report are for this legal entity only which focusses on sales in Europe, the Middle East, Africa and the Far East.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Finlay Extracts & Ingredients UK Limited to continue as a going concern.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The financial statements have been prepared on the going concern basis. The parent company James Finlay Limited has indicated it will continue to make funds as are needed by the Company.
All results are set out in US Dollars, unless otherwise specified.

The Company's key financial and other performance indicators during the period were as follows:

	2021	2020	Change
	$'000	**$'000**	%
Company turnover	**19,787**	15,737	26%
Gross profit	**2,058**	931	121%
Total operating profit	**227**	203	12%
Shareholders' funds	**94,026**	90,956	3.37%
Average number of employees	2	2	-
Gross profit as % of turnover	**10%**	6%	
Operating profit as % of turnover	**1%**	1%	
Return on capital employed	**0%**	0%	

s172 Statement

Under section 172(1) of the UK companies Act 2006 and as part of the Directors duty to the Company's shareholder to act as they consider most likely to promote the success of the Company, the Directors must have regard for likely long-term consequences of decisions and the desirability of maintaining a reputation for high standards of business conduct. The Directors must also have regard for the interests of the Company's business relationships with the Company's wider stakeholders, and the impact of the Company's operations on the environment and communities in which it operates. Consideration of these factors and other relevant matters is embedded into all Board decision-making and risk assessments throughout the year.

The Company's key stakeholders are the Company's shareholder, Group undertakings, employees and outside suppliers. There is also regular engagement within the Group on finance-related matters, which is taken into account in the Company's decision-making.

Strategic report (continued)

s172 Statement (continued)

Where the Directors do not engage directly with the Company's stakeholders, they are kept updated on stakeholder perspective, including through the use of management reporting, and board notes relating to matters presented to the Board during the year which set out stakeholder considerations as applicable to matters under consideration. This enables the Directors to maintain an effective understanding of what matters to those stakeholders and to draw on these perspectives in Board decision making.

During the decision-making process the Directors are made aware of the impact of decisions on relevant stakeholders and engagement that has occurred with those stakeholders where applicable.

In accordance with the Group's overall governance and internal controls framework and in support of the Company's purpose as part of the Group, the Company applies, and the Directors have due regard to all applicable Group policies and procedures.

Where authority for decision making is delegated to the Executive Management Team it ensures that it has regard for; the likely long-term consequences of decisions, maintaining a high standard of business conduct, employees' interests, business relationships with wider stakeholders, the impact of business operations on the environment and communities, and other relevant factors. The Executive Management Team is part of the Group's governance and internal controls framework through which good corporate governance, risk management and internal control is promoted and does not derogate from any requitement for Board review, oversight or approval in relation to the Company's activities.

Principal risks and uncertainties

The principal risks and uncertainties relate to movement in prices caused by amongst other factors extremes in weather conditions and inflation. Most sales are in US dollars, whilst the overhead costs of the Company are mainly in sterling. Financial risks include credit risk, liquidity risk and foreign currency risk and these are managed as follows.

Liquidity Risk

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to Group board level and with rates of return and cash payback periods applied as part of a defined investment appraisal process.

Foreign Currency Risk

A large part of the Company's operations is in emerging countries where it is not possible to hedge against fluctuations in local currency. However, many of our products are purchased and sold in hard currency which acts as a natural hedge against the devaluation of local currencies.

Prolonged impact of pandemic

We have considered several variables which may impact revenue, profits and cash flows. Considering the nature of our business and our experience of trading through the pandemic over the last year, we expect our business will continue to operate broadly as currently.

By order of the board

J M Rutherford
Director
17 November 2022

Directors' report

The directors present their report and financial statements for the year ended 31 December 2021.

Principal activities

The Company's principal activity is the marketing and sale of tea extracts from a number of worldwide sites and the trading of leaf tea worldwide. The Company also acts as an investment holding company for certain tea extract and trading related interests of its parent company James Finlay Limited.

Financial instruments

The Company policy does not permit trading in any financial instruments.

Directors

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

G R Chambers	(Resigned 3 June 2022)
J M Rutherford	
J H Woodrow	(Appointed 30 June 2022)

Greenhouse gas emissions

The company does not meet the minimum threshold required to report its energy usage under the Streamlined Energy and Carbon Reporting policy.

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: $nil).

Policy and practice in payment of creditors

Creditors are paid in line with the credit terms negotiated with each creditor. At the period end there were 10 days (2020: 10 days) of purchases in creditors.

Proposed dividend

The directors do not recommend the payment of a dividend in respect of the current financial period (2020: $nil).

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.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 2-3.

Auditor

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

By order of the board

J M Rutherford
Director
17 November 2022

Swire House, 59 Buckingham Gate,
London, SW1E 6AJ

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Finlay Extracts & Ingredients UK Limited

Opinion

We have audited the financial statements of Finlay Extracts & Ingredients UK Limited ("the company") for the year ended 31 December 2021 which comprise the Profit and Loss Account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing" as well as whether they have knowledge of any actual, suspected or alleged fraud.

- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment of investment in subsidiaries. We do not believe there is a fraud risk related to revenue recognition because there are no complex revenue transactions. The recognition criteria for revenue is not considered complex and no material estimation or judgement is required. We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management, those posted and approved by the same user and those posted to unusual accounts.
- Evaluated the business purpose of significant unusual transactions.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Andrew Simpson

Andrew Simpson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL.

21 November 2022

Profit and Loss Account
for the year ended 31st December 2021

Continuing operations	*Note*	**2021** **$000**	2020 $000
Turnover	*2*	**19,787**	15,737
Cost of sales		**(17,729)**	(14,806)
Gross profit		**2,058**	931
Other operating expenses		**(989)**	-
Administrative expenses		**(842)**	(728)
Operating profit		227	203
Income from shares in group undertakings		4,692	4,200
Other interest receivable and similar income	*6*	214	1,151
Interest payable and similar charges	*7*	(2,205)	(3,910)
Profit before taxation		**2,928**	1,644
Tax on profit	*8*	**142**	470
Profit for the financial year		3,070	2,114

The notes on pages 14-25 form part of these accounts.

Balance Sheet
at 31st December 2021

	Note	2021 $000	2020 $000
Fixed assets			
Investments	*9*	180,739	179,239
		180,739	179,239
Current assets			
Stocks	*10*	550	1,031
Debtors: (including $1,800,000 (2020: $4,200,000) due after more than one year)	*11*	13,647	8,108
Cash at bank and in hand		1,107	3,713
		15,304	12,852
Current liabilities			
Creditors: Amounts falling due within one year	*12*	(3,517)	(1,135)
Net current asset		11,787	11,717
Total assets less current liabilities		192,526	190,956
Creditors: Amounts falling due after one year	*12*	(98,500)	(100,000)
Net assets		94,026	90,956
Capital and reserves			
Called up share capital	*13*	101,428	101,428
Profit and loss account		(7,402)	(10,472)
Shareholders' funds		94,026	90,956

The notes on pages 14-25 form part of these accounts.

These financial statements were approved by the board of directors on 17 November 2022 and were signed on its behalf by:

J M Rutherford
Director

Company registered number: 6459409

Statement of Changes in Equity
for the year ended 31st December 2021

	Called up share capital $000	Profit and loss account $000	Total equity $000
Balance at 1 January 2020	**101,428**	**(12,586)**	**88,842**
Total comprehensive income for the period			
Profit for the financial year	-	2,114	2,114
Total comprehensive income for the period	-	2,114	2,114
Balance at 31 December 2020	**101,428**	**(10,472)**	**90,956**

	Called up share capital $000	Profit and loss account $000	Total equity $000
Balance at 1 January 2021	**101,428**	**(10,472)**	**90,956**
Total comprehensive income for the period			
Profit for the financial year	-	3,070	3,070
Total comprehensive income for the period		3,070	3,070
Balance at 31 December 2021	**101,428**	**(7,402)**	**94,026**

The notes on pages 14-25 form part of these accounts.

Notes to the Accounts
(forming part of the financial statements)

1 Accounting policies

Finlay Extracts & Ingredients UK Limited is a private company incorporated, domiciled and registered in the UK. The registered number is 6459409 and the registered address is Swire House, 59 Buckingham Gate, London, SW1E 6AJ.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Company Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill;
- Certain disclosures required by IFRS 9: Financial Instruments;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*
- Certain disclosures required by IFRS 15: Revenue from Contracts with Customers.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes to the Accounts *(continued)*

1 Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except where assets and liabilities are stated at their fair value. There are no judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements for the historic or forecast years. The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of the approval of these financial statements which indicate that, taking account of reasonably possible downsides, non-receipt of dividend income, the company will have sufficient funds, to meet its liabilities as they fall due for that period.

The company has a loan of $98,500,000 (2020: $100,255,000) due to its immediate parent company James Finlay Limited and the forecasts are dependent on James Finlay Limited not seeking repayment of the amounts currently due. James Finlay Limited has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and that it will not seek repayment of the amounts currently made available within 12 months of the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The directors consider that this should enable the Company to meet its liabilities as they fall due for payment.

Based on the undertaking from James Finlay Limited, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's

Notes to the Accounts *(continued)*

1 Accounting policies *(continued)*

(c) exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these

financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less provision for any impairment losses.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. Cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is defined as estimated selling price less all further costs to completion and disposal.

1.7 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to the Accounts *(continued)*

1 Accounting policies *(continued)*

1.8 Impairment excluding stocks, and deferred tax assets

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Notes to the Accounts *(continued)*

1 Accounting policies *(continued)*

1.11 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue from the sale of goods is recognised when the following five core principles of the model framework have been delivered:

- The identification of contract(s) with customers
- The identification of the performance obligations in the contract
- The determination of the transaction price
- The allocation of the transaction price to the performance obligations in the contract
- The recognition of revenue when (or as) a performance obligation has been satisfied

Notes to the Accounts *(continued)*

2 Turnover

	2021 $000	2020 $000
Sale of goods	19,787	15,709
Income from recharges	-	28
Total turnover	19,787	15,737

3 Expenses and auditor's remuneration

Auditor's remuneration:

	2021 $000	2020 $000
Audit of these financial statements	55	45

Amounts receivable by the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements were $nil (2020: $nil).

4 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees 2021	2020
Administration	1	1
Sales and production	1	1
	2	2

The aggregate payroll costs of these persons were as follows:

	2021 $000	2020 $000
Wages and salaries	15	14
	15	14

Notes to the Accounts *(continued)*

5 Directors' emoluments

No Director received any emoluments during the year for services to the Company (2020: Nil), due to the result of the rationalised cost structure whereby the directors' payroll was transferred to parent company James Finlay Limited effective 01.01.19. The directors holding office during the year consider their services to the Company as incidental to their other duties within James Finlay Limited Group and accordingly no remuneration has been apportioned to the Company.

6 Other interest receivable and similar income

	2021 **$000**	2020 $000
Receivable from group undertakings	**214**	166
Other interest	**-**	985
Total interest receivable and similar income	**214**	1,151

7 Interest payable and similar charges

	2021 **$000**	2020 $000
Payable to group undertakings	**2,205**	3,910
Total interest payable and similar charges	**2,205**	3,910

Notes to the Accounts *(continued)*

8. Taxation

Recognised in the profit and loss account

	2021 $000	2020 $000
UK corporation tax		
Group relief receivable	**(147)**	(489)
Foreign Withholding tax	5	19
Adjustments in respect of prior periods	-	-
Total current tax	**(142)**	(470)
Deferred tax		
Origination of timing differences	-	-
Total deferred tax	-	-
Tax on profit	**(142)**	(470)

Reconciliation of effective tax rate

	2021 $000	2020 $000
Tax reconciliation		
Profit on ordinary activities before tax	**2,928**	1,644
Tax at 19% *(2020: 19.00%)*	**556**	312
Effects of:		
Fixed asset differences	-	-
Expenses not deductible for tax purposes	**189**	-
Income not deductible for tax purposes	**(892)**	(798)
Other differences	-	4
Foreign Withholding tax	5	19
Temporary differences not recognised in the computation	-	-
Adjustments to tax charge in respect of previous periods – deferred tax	-	(7)
Total tax (credit)/charge (see above)	**(142)**	(470)

Notes to the Accounts *(continued)*

9. Fixed asset investments

	Shares in group undertakings
	$000
Cost	
At beginning of year	179,239
Additions	1,500
At end of year	180,739

During the year, the Company has the following investments in subsidiaries:

	Registered office address	Class of shares held	Ownership 2021	Ownership 2020
Finlay Tea Solutions (Hong Kong) Limited	2601 Universal Trade Centre, 3-5a Arbuthnot Road Central, Hong Kong.	Ordinary	**100%**	100%
Finlay Hull Limited	60 Lime Street, Hull, HU8 7AF, England.	Ordinary	**100%**	100%
James Finlay (ME) DMCC	Dubai Tea Trading Centre, Plot No. S10814, Office 24, 28-30, Jebel Ali Free Zone - South, Dubai, PO BOX 17016, United Arab Emirates.	Ordinary	**100%**	100%
James Finlay (Blantyre) Limited	Gate 149, Bca Hill, Off Kittermaster, Ave, Plot No. LE 460 & 505, PO Box 51387, Limbe, Malawi.	Ordinary	**100%**	100%
Casa Fuentes SACIFI	1085 Liberated Avenue, Obera, Misiones, N3361DQK, Argentina.	Ordinary	**98%**	98%
Argente SA	1085 Liberated Avenue, Obera, Misiones, N3361DQK, Argentina.	Ordinary	**100%**	100%
James Finlay (Guizhou) Tea Company Limited	No 67. Fuhou Street, Sitang, Sinan, Tongren, 565100, China	Ordinary	**100%**	100%

Notes to the Accounts *(continued)*

10. Stocks

	2021 $000	2020 $000
Finished goods	550	1,031
	550	1,031

11. Debtors

	2021 $000	2020 $000
Trade debtors	6,594	2,107
Amounts due from parent undertakings	615	472
Amounts due from by group undertakings	6,438	5,508
Other debtors	-	20
Prepayments and accrued income	-	1
	13,647	8,108
Current	11,847	3,908
Non-Current	1,800	4,200
	13,647	8,108

Included within Amounts due from group undertaking above is $1,800,000 (2020: $4,200,000) relating to unsecured loan, interest rate 3 Month Libor plus 3.50%, repayable 31 December 2023

12. Creditors

	2021 $000	2020 $000
Trade creditors	1,333	90
Amounts owed to group undertakings	2,088	749
Amounts owed to parent company	98,500	100,255
Accruals and deferred income	96	41
	102,017	101,135
Current	3,517	1,135
Non-Current	98,500	100,000
	102,017	101,135

Included within Amounts owed to parent company is $98,500,000 (2020: $100,000,000) relating to unsecured loan, interest rate 3 Month Libor plus 2%, repayable 31 December 2023.

Notes to the Accounts *(continued)*

13. Capital and reserves

	Ordinary shares			
	2021	2020	**2021**	2020
	No.	No.	**$**	$
On issue at 1 January	**70,681,346**	70,681,346	**101,428,100**	101,428,100
On issue at 31 December - fully paid	**70,681,346**	70,681,346	**101,428,100**	101,428,100
Authorised - par value £1.00	**70,681,346**	70,681,346	**101,428,100**	101,428,100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No shares were issued during the year *(2020: nil shares were issued)*

A dividend of $nil in respect of the current financial period was declared and paid to the shareholder (2020: $nil).

14. Pension commitments

Defined Contribution Scheme

The company operates a defined contribution scheme for qualifying employees, which was set up on 1 February 2010. The assets of the Scheme are held in administered funds separate from the finances of the Group.

The total cost charged to income of $nil (*202020: $nil*) represents contributions payable to the scheme by the Company at rates specified in the rules of the plan. As of 31 December 2021s, contributions in respect of the current reporting period that had not been paid over to the scheme amounted to nil.

15. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of James Finlay Limited, which is registered in Scotland. The Company's ultimate parent company is John Swire & Sons Limited, which is registered in England.

Copies of the consolidated accounts of John Swire & Sons Limited, the only accounts to consolidate the results of the Company, are available from Swire House, 59 Buckingham Gate, London, SW1E 6AJ.

Notes to the Accounts *(continued)*

16. Related party transactions

	Sales to 2021 $000	2020 $000	Purchases from 2021 $000	2020 $000
Damin Biotechnology Zhangzhou Co Ltd	**-**	-	**-**	-
Damin Foodstuff (Zhangzhou) Co Ltd	**157**	265	**(89)**	362
Jiang Family Holdings Limited	**-**	1,321	**-**	-
Nanjing Apogee Food Technology Co Ltd	**-**	-	**-**	56

	Receivables outstanding 2021 $000	2020 $000	Creditors outstanding 2021 $000	2020 $000
Damin Foodstuff (Zhangzhou) Co Ltd	**18**	-	**(89)**	-