

Company Registration No. 07282017 (England and Wales)

ENGLISH TEA SHOP (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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ENGLISH TEA SHOP (UK) LIMITED

COMPANY INFORMATION

Directors	G. Jayaweera S.B. Herath D.L.R. De Silva
Company number	07282017
Registered office	Devonshire House 1 Devonshire Street London W1W 5DR
Accountants	Citroen Wells Chartered Accountants Devonshire House 1 Devonshire Street London W1W 5DR
Business address	Billington Road Leighton Buzzard Bedfordshire LU7 4AJ

ENGLISH TEA SHOP (UK) LIMITED

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ENGLISH TEA SHOP (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Fair review of the business

The principal activity of English Tea Shop (UK) Limited and its subsidiary undertakings ("the group") during the period under review continued to be that of the import and sale of a variety of English Tea Shop branded organic tea and tisanes manufactured in Sri Lanka. The group continued to focus on premium, natural and organic food markets, both domestically and internationally.

This is the second year that the directors have reported on their consolidated group position and results for the English Tea Shop Group, including the English Tea Shop UK Limited, English Tea Shop (USA) Corp and Joe's Tea Company Ltd.

The financial statements for the year ended 31 March 2020 show the group's sales reduced from £12.36m in 2019 to £11.59m in 2020. The directors consider that revenue and profitability are the financial key performance indicators of the group. The group made a pre-tax loss of £132k (2019: profit £124k) and the gross profit margin was 16.49% compared to 18.98% in 2019. The fall in sales and profitability can be attributed to unfavourable foreign exchange rate movements during the year.

The group's English Tea Shop brand is 100% organic, with an array of premium certified organic teas; packed for retail, food service and as seasonal and everyday gifts. The group's products are now available in over 50 countries; in natural and organic food markets, specialty independent stores, luxury department stores and in premium hotels and cafes. A 4-year strategic plan was unveiled in 2016, which focused on doubling group's sales in the mindful and ethically driven customer segments and to be the industry leader in their approach to sustainability; with a long-term focus and commitment to build and celebrate people and the planet at large. The strategic report goes on to describe how the group intends to deliver a differentiated organic tea product at very competitive prices.

The group is a member of a wider collection of companies ("the collective"), headquartered by an entity under common ownership in Sri Lanka, which packs all of the products in their own manufacturing facility with all activities in the value chain from organic farm-gates to distributors worldwide handled by companies of the collective. This has enabled the group to grow quite rapidly since its launch in 2010. The growth and cost leadership are expected to be further supported by continuing to improve productivity and efficiency in the Sri Lankan factory. The collective employs 300 full time, permanent members of staff in the Sri Lankan factory and works with over 3,000 small organic farmers, the majority of whom operate in Sri Lanka.

The collective is committed to enhancing the livelihood of their permanent employees in Sri Lanka and the UK, and that of their suppliers and small organic farmers through an unparalleled approach. Inspired by the concept of "Creating Shared Value", pioneered by the Harvard Business School Professor, Michael E Porter and the "Great Game of Business" originated by Jack Stack of Springfield Reengineering Corporation of USA, the group radically redefined competitive advantage by adopting unique win-win relationship models in the way it works with employees and organic small farmer clusters.

A series of programs, including open book management, budgeting games, quarterly bonuses for every individual based out of shared outcomes, a culture that permeates ownership throughout the organization and an education hub that shares knowledge on essentials of business management, financial accounting, marketing etc were launched under a concept called the "Big Game".

The group's 2019/20 Sustainability report outlines the work done in enhancing livelihoods and productivity in organic farms and also of the permanent employee cadre in Sri Lanka. The report outlines how the group worked closely with 3,898 farmers and had achieved an overall growth of 21% in harvest volumes for those communities. The report goes onto describe the various investments made in 2019/20, including having paid Organic and Fairtrade licensing costs on behalf of farmers and a number of other projects to improve productivity in organic farming, as per the brand's the commitment to invest 1% of brand turnover and 1% of management time in organic farming development. The investment monies were granted to invest in programs that saw economic, environmental and social benefits.

ENGLISH TEA SHOP (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Launching the "Prajava" Concept

In February 2020 we brought to life the concept of Celebrating Prajāva (Sri Lankan word for community) through Creating Shared Value, when we invited all of our global partners to the lovely island of Sri Lanka – and had several conferences, organic farming visits and exercises with over 250 guests, spanning an entire week. The aim of the forum was to closely connect our global and local Prajāva. Over 25 of English Tea Shop's markets were represented, and they spend the week with English Tea Shop's employees and with our organic farmers. The program kicked-off with a gala conference attended to by over 250 business personnel who were introduced to key concepts such as Creating Share Value, Open book management etc upon which English Tea Shop runs its business. The speakers included co-author of the Creating Shared Value concept, Harvard Business School Professor Mark Kramer, the President of Great Game of Business® Rich Armstrong etc.

Partnership with Soil Association

The Tea Loving Care' campaign; 2019 & 2020 saw English Tea Shop continue to support Food for Life, through the 'Joy In A Tea Cup' campaign and sponsorship of the 'State of the Nation: UK's children's food' report 2019. The 'joy in a tea-cup' campaign delivered substantial social impact, by supporting 7754 children with high-quality food education and the Food for Life school award. English Tea Shop funded 33 schools in UK who were due to have their funding for the programme cut. The campaign helped to meet English Tea Shop's objective of promoting organic growing / consumption in the younger generation.

Principal risks and uncertainties

The group takes a proactive approach to the management of the various risks that it faces whilst always maintaining the values of the group, in particular ensuring an environmentally sustainable business.

Financial risks

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and foreign exchange risk. The group specifically manages each of these risks so as to minimise the impact of these risks on financial performance.

Credit risk

Credit risk is primarily attributable to trade receivables. Trade receivables are managed in respect of credit and cash flow risk by stringent credit control and the use of an invoice financing facility provided by the group's bankers where it is appropriate and available. The invoice financing facility provides the group with credit insurance over its trade debtors, ensuring that credit risk is minimised.

Liquidity risk

The group sufficient working capital to ensure the group always has the liquidity required to meet liabilities as they fall due, together with the general operational needs of the group. Detailed cash flow forecasts and utilising the invoice financing facility and term loan ensures strong management over the cash resources of the group, whilst providing the flexibility required for the seasonal nature of the business.

Foreign exchange risk

The group has exposure to a number of foreign currencies through its purchase of finished goods in US Dollars and its global customer base invoiced in a variety of currencies. Exposure is principally in US Dollars and Euros. The group, from time to time, takes out forward currency contracts to mitigate this risk. In addition to this the group also tries to maintain a natural hedged position by issuing sales invoices in US Dollars, where possible, to match off the purchases made in this same currency.

ENGLISH TEA SHOP (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Future developments

The directors expect continued growth within existing markets as well as expansion into new markets.

Brexit

Brexit is one of the most momentous economic events for the UK, and at the date of this report, its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. There are significant challenges involved in preparing for a no deal outcome. At English Tea Shop we have considered the possible preparations for these various outcomes. We have conducted a detailed analysis of the risks and operational challenges to our business. Risks have been categorised as direct risks that will directly affect the costs and operations and indirect risks that may affect the business via the general economic environment. We do not expect significant adverse impacts on our business or costs due to the fact that our goods are manufactured in Sri Lanka and can be directly sold to the European Union in case cross-border transactions become cumbersome, in the short run.

Covid-19

While Covid-19 has brought about a significant challenge to people around the world, affecting the entire breadth of livelihood and businesses, most businesses have had to repurpose their value propositions and rearrange activity systems in preparation for the "new normal". At English Tea Shop, we have seen significant growth in sales in mainland Europe and Asia Pacific markets, helping us recover the initial losses incurred during the first lockdowns, that started in March, and are delighted to be seeing a real boost in productivity and profitability for the entire group. The investments we made in 2019/20 for our major brand revamp, the growing appreciation of our rejuvenated "Prajava" building concept (through creating shared value), and the productivity improvement programs designed and implemented by our own people, are the key reasons for this significant rise in profitability, which has lowered the impact of the challenges to everyone in our value chain. Furthermore, we do think that the one silver-lining is the broad emergence of an ethical form of capitalism; similar to the model adopted by English Tea Shop.

Other information and explanations

Awards & Nominations

English Tea Shop won the most prestigious Queens award for Sustainable Development in 2020 and also International All-star award from the Great Game of Business, for our open book management programs. The initiatives that led to these selections include the Big Game – the initiative about creating shared value with employees, and Love, Care & Change; the programme that creates shared value for tea farmers in Sri Lanka.

Certifications

All of the group's tea products are certified organic by Soil Association Ltd as well as by Control Union of the Netherlands. In addition, all of the group's tea products are non-GMO certified, Halal and Kosher certified and the core blends are Fairtrade certified. The group's Sri Lankan factory is BRC (AA Grade) certified, IFS, ISO 22000 and 9001 certified in addition to being certified organic and Fairtrade.

On behalf of the board



.....
S.B. Herath

Director
22/12/2020
.....

ENGLISH TEA SHOP (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G. Jayaweera
S.B. Herath
D.L.R. De Silva

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Strategic report

The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management and objectives with regards to financial instruments.

On behalf of the board



.....
S.B. Herath
Director

22/12/2020

Date:

ENGLISH TEA SHOP (UK) LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL STATEMENTS OF ENGLISH TEA SHOP (UK) LIMITED FOR THE YEAR ENDED 31 MARCH 2020

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of English Tea Shop (UK) Limited for the year ended 31 March 2020 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of English Tea Shop (UK) Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of English Tea Shop (UK) Limited and state those matters that we have agreed to state to the Board of Directors of English Tea Shop (UK) Limited, as a body, in this report in accordance with ICAEW Technical Release 07/16 AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than English Tea Shop (UK) Limited and its Board of Directors as a body, for our work or for this report.

It is your duty to ensure that English Tea Shop (UK) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of English Tea Shop (UK) Limited. You consider that English Tea Shop (UK) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of English Tea Shop (UK) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Citroen Wells

Citroen Wells

Chartered Accountants

23/12/2020

.....
Devonshire House
1 Devonshire Street
London
W1W 5DR

ENGLISH TEA SHOP (UK) LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	2019 £
Revenue	3	11,594,664	12,363,920
Cost of sales		(9,685,743)	(10,017,685)
Gross profit		1,908,921	2,346,235
Distribution costs		(204,723)	(179,513)
Administrative expenses		(1,770,868)	(1,793,855)
Other operating income		5,402	12,041
Exceptional item	4	-	(183,722)
Operating (loss)/profit	5	(61,268)	201,186
Investment income	8	9,129	2,228
Finance costs	9	(79,603)	(78,940)
(Loss)/profit before taxation		(131,742)	124,474
Tax on (loss)/profit	10	(6,888)	(45,091)
(Loss)/profit for the financial year		(138,630)	79,383
Other comprehensive income			
Currency translation differences		29,383	13,528
Total comprehensive income for the year		(109,247)	92,911
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(129,900)	110,399
- Non-controlling interests		(8,730)	(31,016)
		(138,630)	79,383
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		(100,517)	123,927
- Non-controlling interests		(8,730)	(31,016)
		(109,247)	92,911

ENGLISH TEA SHOP (UK) LIMITED**GROUP STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Non-current assets					
Goodwill	12		26,700		35,600
Other intangible assets	12		25,998		10,181
Total intangible assets			52,698		45,781
Property, plant and equipment	13		527		13,597
			53,225		59,378
Current assets					
Inventories	16	1,132,175		1,403,712	
Trade and other receivables	17	1,792,455		2,005,721	
Cash and cash equivalents		371,720		318,388	
		3,296,350		3,727,821	
Current liabilities	18	(2,412,974)		(2,645,314)	
Net current assets			883,376		1,082,507
Total assets less current liabilities			936,601		1,141,885
Non-current liabilities	19		(311,561)		(407,598)
Net assets			625,040		734,287
Equity					
Called up share capital	22		1,000		1,000
Retained earnings			705,325		805,842
Equity attributable to owners of the parent company			706,325		806,842
Non-controlling interests			(81,285)		(72,555)
			625,040		734,287

For the financial year ended 31 March 2020 the group was entitled to exemption from audit under section 477 of the Companies Act 2006.

Directors' responsibilities under the Companies Act 2006:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

ENGLISH TEA SHOP (UK) LIMITED

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 22/12/2020
and are signed on its behalf by:



.....
S.B. Herath
Director

ENGLISH TEA SHOP (UK) LIMITED**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Non-current assets					
Intangible assets	12		25,998		6,677
Property, plant and equipment	13		481		12,089
Investments	14		105,524		105,524
			<u>132,003</u>		<u>124,290</u>
Current assets					
Inventories	16	745,685		986,955	
Trade and other receivables	17	1,839,107		2,059,888	
Cash and cash equivalents		270,396		223,589	
		<u>2,855,188</u>		<u>3,270,432</u>	
Current liabilities	18	(2,224,510)		(2,389,588)	
Net current assets			<u>630,678</u>		<u>880,844</u>
Total assets less current liabilities			<u>762,681</u>		<u>1,005,134</u>
Non-current liabilities	19		(311,561)		(407,598)
Net assets			<u><u>451,120</u></u>		<u><u>597,536</u></u>
Equity					
Called up share capital	22		1,000		1,000
Retained earnings			450,120		596,536
Total equity			<u><u>451,120</u></u>		<u><u>597,536</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £146,416 (2019 - £64,357 loss).

For the financial year ended 31 March 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

ENGLISH TEA SHOP (UK) LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of directors and authorised for issue on 22/12/2020
and are signed on its behalf by:



.....
S.B. Herath
Director

Company Registration No. 07282017

ENGLISH TEA SHOP (UK) LIMITED**GROUP STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Share capital £	Retained earnings £	Total controlling interest £	Non- controlling interest £	Total £
Balance at 1 April 2018		1,000	734,418	735,418	(41,539)	693,879
Year ended 31 March 2019:						
Profit for the year		-	110,399	110,399	(31,016)	79,383
Other comprehensive income:						-
Currency translation differences		-	13,528	13,528	-	13,528
Total comprehensive income for the year		-	123,927	123,927	(31,016)	92,911
Dividends	11	-	(52,503)	(52,503)	-	(52,503)
Balance at 31 March 2019		1,000	805,842	806,842	(72,555)	734,287
Year ended 31 March 2020:						
Loss for the year		-	(129,900)	(129,900)	(8,730)	(138,630)
Other comprehensive income:						
Currency translation differences		-	29,383	29,383	-	29,383
Total comprehensive income for the year		-	(100,517)	(100,517)	(8,730)	(109,247)
Balance at 31 March 2020		1,000	705,325	706,325	(81,285)	625,040

ENGLISH TEA SHOP (UK) LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2018		1,000	713,396	714,396
Year ended 31 March 2019:				
Loss and total comprehensive income for the year		-	(64,357)	(64,357)
Dividends	11	-	(52,503)	(52,503)
Balance at 31 March 2019		1,000	596,536	597,536
Year ended 31 March 2020:				
Loss and total comprehensive deficit for the year		-	(146,416)	(146,416)
Balance at 31 March 2020		1,000	450,120	451,120

ENGLISH TEA SHOP (UK) LIMITED**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	26	808,024		457,418	
Interest paid		(79,603)		(78,940)	
Income taxes paid		(51,809)		(176,265)	
Net cash inflow from operating activities		676,612		202,213	
Investing activities					
Purchase of intangible assets		(36,153)		(24,812)	
Purchase of property, plant and equipment		(960)		(25,639)	
Proceeds on disposal of property, plant and equipment		-		772	
Payments to directors		-		(89,500)	
Interest received		9,129		2,228	
Net cash used in investing activities		(27,984)		(136,951)	
Financing activities					
Proceeds from new bank loans		-		500,000	
Repayment of bank loans		(624,679)		(338,370)	
Dividends paid to equity shareholders		-		(52,503)	
Net cash (used in)/generated from financing activities		(624,679)		109,127	
Net increase in cash and cash equivalents		23,949		174,389	
Cash and cash equivalents at beginning of year		318,388		130,471	
Effect of foreign exchange rates		29,383		13,528	
Cash and cash equivalents at end of year		371,720		318,388	

ENGLISH TEA SHOP (UK) LIMITED**COMPANY STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	735,381		335,440	
Interest paid		(79,603)		(78,940)	
Income taxes paid		(44,166)		(87,579)	
Net cash inflow from operating activities		611,612		168,921	
Investing activities					
Purchase of intangible assets		(34,796)		(21,013)	
Purchase of property, plant and equipment		(960)		(23,727)	
Payments to directors		-		(89,500)	
Interest received		16,376		8,986	
Dividends received		79,254		-	
Net cash generated from/(used in) investing activities		59,874		(125,254)	
Financing activities					
Proceeds from new bank loans		-		500,000	
Repayment of bank loans		(624,679)		(338,370)	
Dividends paid to equity shareholders		-		(52,503)	
Net cash (used in)/generated from financing activities		(624,679)		109,127	
Net increase in cash and cash equivalents		46,807		152,794	
Cash and cash equivalents at beginning of year		223,589		70,795	
Cash and cash equivalents at end of year		270,396		223,589	

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

English Tea Shop (UK) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Devonshire House, 1 Devonshire Street, London, W1W 5DR. The business trading address is Billington Road, Leighton Buzzard, Bedfordshire, LU7 4AJ.

The group consists of English Tea Shop (UK) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in pound sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Where the consideration of the business combination does not exceed the fair value of the group's interest in the assets, liabilities and contingent liabilities acquired, negative goodwill arises. The group, after consideration of the assets, liabilities and contingent liabilities acquired and the cost of the combination, recognises negative goodwill on the balance sheet and releases this to profit and loss, up to the fair value of non-monetary assets acquired, over the years in which the non-monetary assets are recovered and any excess over the fair value of non-monetary assets in the income statement over the year expected to benefit.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of English Tea Shop (UK) Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

In adopting the going concern basis for preparing the financial statements the directors have considered the business activities and principal risks and uncertainties as set out in the strategic report.

At the time of approving the financial statements, the directors have a reasonable expectation that based upon the group's statement of financial position, forecasts and projections and the continued support of the groups' key supplier, Amazon Trading (Pvt) Ltd, a company under common control, the group has adequate resources to continue in operational existence for the foreseeable future.

The directors have further considered the impact of Covid-19 when making their assessment, and do not believe it creates a material uncertainty with regard to going concern. The after-date performance of the group has been strong, demonstrating a resilience against the difficult trading conditions. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Revenue

Revenue represents amounts receivable for goods sold net of VAT (where applicable). Revenue for sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. The point of sale is dictated by the shipping terms agreed with customers for wholesale or when the product is delivered to the customer for direct sales.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

In circumstances when the fair value of the assets acquired exceeds the consideration paid negative goodwill arises, which is subsequently written back over the period in which the non-monetary assets of the acquired business are utilised.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the 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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	Estimated useful life of 3 years
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1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	50% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.8 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.10 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the inventories to their present location and condition.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Invoice discounting

Amounts due in respect of invoice discounting are separately disclosed within current liabilities as bank loans.

The invoice discounting facility allows the company to draw down a percentage of the value of certain sales invoices. The management and collection of trade receivables remains with the company.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income for the period.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of inventories

At the end of each reporting period the directors consider the valuation of inventories held, to ensure that the balance is stated at the lower of cost and estimated selling price. In doing so, the directors look at inventory ageing, the selling prices after the year end and use their experience in the industry to ensure that they are satisfied the inventories are fairly stated. Where appropriate, the directors make an estimate for non-saleability of inventories and a provision is recognised in the financial statements.

Valuation of investments

At the end of each reporting period the directors consider the valuation of investments held and consider whether there is any evidence of impairment of the assets. In doing so they review the recent financial performance, current position and expected future performance of the investments to form a view of the inherent value of the underlying assets. Where appropriate the directors make an estimate of impairment to ensure that the investment is not held above its inherent value in the financial statements.

Recoverability of trade receivables

At the end of each reporting period the directors consider the likelihood of recovery of the outstanding trade receivables, after deducting provisions for credit notes and trade discounts. In doing so, the directors look at a customer's past history of payments, after date movements and any other knowledge they have of the customer at the time in order to assess whether they believe the debtor to be recoverable. Where required, the directors make a provision for the debtors that are considered to be doubtful.

3 Revenue

	2020	2019
	£	£
Revenue analysed by geographical market		
UK	3,118,729	3,350,086
Europe	4,744,358	4,198,750
Rest of world	3,731,577	4,815,084
	<u>11,594,664</u>	<u>12,363,920</u>

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Exceptional item

	2020	2019
	£	£
Expenditure		
Rebranding costs	-	183,722

During the prior year, the group incurred £183,722 of exceptional costs for a complete rebranding of the design, packaging and corporate communications of the English Tea Shop Label.

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	69,342	127,694
Depreciation of owned property, plant and equipment	14,030	15,539
Profit on disposal of property, plant and equipment	-	(321)
Amortisation of intangible assets	29,236	35,776
Release of negative goodwill	-	(125,833)

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Management and administration	9	11	8	8

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	419,484	469,292	291,181	295,666
Social security costs	38,859	43,565	30,899	31,894
Pension costs	8,127	6,745	6,820	5,159
	466,470	519,602	328,900	332,719

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	124,018	124,574

ENGLISH TEA SHOP (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****8 Investment income**

	2020	2019
	£	£
Interest income		
Interest on bank deposits	6,648	172
Other interest income	2,481	2,056
	<u>9,129</u>	<u>2,228</u>
Total income	<u><u>9,129</u></u>	<u><u>2,228</u></u>

Other interest received consists of interest charged to a director on loan advances during the year.

9 Finance costs

	2020	2019
	£	£
Other finance costs:		
Other interest	79,603	78,940
	<u>79,603</u>	<u>78,940</u>

Other interest paid consists of interest charged on the invoice financing facility.

10 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(9,500)
Adjustments in respect of prior periods	(5,000)	1,079
	<u>(5,000)</u>	<u>(8,421)</u>
Total UK current tax	<u>(5,000)</u>	<u>(8,421)</u>
 Foreign current tax on profits for the current period	 11,888	 53,512
	<u>6,888</u>	<u>45,091</u>
Total current tax	<u><u>6,888</u></u>	<u><u>45,091</u></u>

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
(Loss)/profit before taxation	(131,742)	124,474
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(25,031)	23,650
Tax effect of expenses that are not deductible in determining taxable profit	-	1,723
Unutilised tax losses carried forward	41,755	21,118
Permanent capital allowances in excess of depreciation	2,321	-
Amortisation on assets not qualifying for tax allowances	1,691	6,798
Other permanent differences	1,188	(2,029)
Effect of overseas tax rates	(9,561)	16,660
Under/(over) provided in prior years	(5,000)	1,079
Negative goodwill released	-	(23,908)
Taxation charge	7,363	45,091
Taxation charge in the financial statements	6,888	45,091
Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database.	475	-

11 Dividends

	2020 £	2019 £
Interim paid	-	52,503

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Trademarks £	Total £
Cost				
At 1 April 2019	89,000	(206,887)	127,671	9,784
Additions - separately acquired	-	-	36,153	36,153
At 31 March 2020	89,000	(206,887)	163,824	45,937
Amortisation and impairment				
At 1 April 2019	53,400	(206,887)	117,490	(35,997)
Amortisation charged for the year	8,900	-	20,336	29,236
At 31 March 2020	62,300	(206,887)	137,826	(6,761)
Carrying amount				
At 31 March 2020	26,700	-	25,998	52,698
At 31 March 2019	35,600	-	10,181	45,781

Negative goodwill arose on the acquisition of English Tea Shop (USA) Corp. and was written back over the period in which the related non-monetary assets of the acquired business were utilised.

Company	Trademarks £
Cost	
At 1 April 2019	122,922
Additions - separately acquired	34,796
At 31 March 2020	157,718
Amortisation and impairment	
At 1 April 2019	116,245
Amortisation charged for the year	15,475
At 31 March 2020	131,720
Carrying amount	
At 31 March 2020	25,998
At 31 March 2019	6,677

ENGLISH TEA SHOP (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 MARCH 2020**13 Property, plant and equipment**

Group	Fixtures, fittings & equipment £
Cost	
At 1 April 2019	59,893
Additions	960
At 31 March 2020	60,853
Depreciation and impairment	
At 1 April 2019	46,296
Depreciation charged in the year	14,030
At 31 March 2020	60,326
Carrying amount	
At 31 March 2020	527
At 31 March 2019	13,597
Company	Fixtures, fittings & equipment £
Cost	
At 1 April 2019	53,359
Additions	960
At 31 March 2020	54,319
Depreciation and impairment	
At 1 April 2019	41,270
Depreciation charged in the year	12,568
At 31 March 2020	53,838
Carrying amount	
At 31 March 2020	481
At 31 March 2019	12,089

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	-	105,524	105,524

Movements in non-current investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 and 31 March 2020	105,524
Carrying amount	
At 31 March 2020	105,524
At 31 March 2019	105,524

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct
Joe's Tea Company Ltd	1	Tea wholesaler	Ordinary shares	75.00 -
English Tea Shop (USA) Corp.	2	Tea wholesaler	Ordinary shares	100.00 -

Registered Office addresses:

- Devonshire House, 1 Devonshire Street, London, W1W 5DR
- Unit 864, 18311 Oakmont Drive, Canyon, CA 91387, USA

16 Inventories

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods and goods for resale	1,132,175	1,403,712	745,685	986,955

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

17 Trade and other receivables

	Group 2020	2019	Company 2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	1,395,725	1,685,993	1,189,149	1,391,759
Corporation tax recoverable	46,778	9,500	46,778	9,500
Amounts owed by group undertakings	-	-	361,348	259,924
Other receivables	217,019	159,323	148,854	146,672
Prepayments and accrued income	132,933	150,905	92,978	119,533
	<u>1,792,455</u>	<u>2,005,721</u>	<u>1,839,107</u>	<u>1,927,388</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	132,500
	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,500</u>
Total debtors	<u>1,792,455</u>	<u>2,005,721</u>	<u>1,839,107</u>	<u>2,059,888</u>

Amounts owed by group undertakings include a loan of £265,000 (2019: £265,000) which bears interest at 5% and is repayable in instalments over a two year period. Further amounts owed by group undertakings are interest free and repayable on demand.

Other receivables includes a directors loan (see note 24).

18 Current liabilities

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans	20	360,094	888,736	360,094	888,736
Trade payables		2,022,244	1,627,890	1,846,765	1,409,525
Corporation tax payable		-	7,643	-	-
Other taxation and social security		73	6,709	73	6,709
Other payables		4,410	30,306	4,154	7,863
Accruals and deferred income		26,153	84,030	13,424	76,755
		<u>2,412,974</u>	<u>2,645,314</u>	<u>2,224,510</u>	<u>2,389,588</u>

19 Non-current liabilities

	Notes	Group 2020	2019	Company 2020	2019
		£	£	£	£
Bank loans and overdrafts	20	<u>311,561</u>	<u>407,598</u>	<u>311,561</u>	<u>407,598</u>

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Borrowings

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	671,655	1,296,334	671,655	1,296,334
Payable within one year	360,094	888,736	360,094	888,736
Payable after one year	311,561	407,598	311,561	407,598

Bank financing consists of a term loan and an invoice discounting facility.

The term loan is repayable over the 4 remaining years and attracts interest at 3.14% over the bank's interest currency base rate. Subsequently, the company is exposed to cash flow interest rate risk.

The company's bankers hold a fixed and floating charge over all assets of the company in respect of these facilities.

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	8,127	6,745

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

22 Share capital

	Group and company	
	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
900 Ordinary A Shares of £1 each	900	900
100 Ordinary B Shares of £1 each	100	100
	1,000	1,000

The company has two classes of ordinary shares, A and B, which carry equal voting rights and have no right to fixed income.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

23 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Purchases 2020 £	2019 £
Group		
Entities with control, joint control or significant influence over the group	9,654,605	9,951,271

The following amounts were outstanding at the reporting end date:

	2020 £	2019 £
Amounts due to related parties		
Group		
Entities with control, joint control or significant influence over the group	1,867,837	1,469,680

24 Directors' transactions

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Directors loans	2.50	99,500	2,481	(938)	101,043
		99,500	2,481	(938)	101,043

25 Cash generated from operations - company

	2020 £	2019 £
Loss for the year after tax	(146,416)	(64,357)
Adjustments for:		
Taxation charged/(credited)	6,888	(8,421)
Finance costs	79,603	78,940
Investment income	(95,630)	(8,986)
Amortisation and impairment of intangible assets	15,475	25,631
Depreciation and impairment of property, plant and equipment	12,568	12,068
Movements in working capital:		
Decrease in inventories	241,270	16,427
Decrease/(increase) in trade and other receivables	259,602	(237,240)
Increase in trade and other payables	362,021	521,378
Cash generated from operations	735,381	335,440

ENGLISH TEA SHOP (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2020****26 Cash generated from group operations**

	2020 £	2019 £
(Loss)/profit for the year after tax	(138,630)	79,383
Adjustments for:		
Taxation charged	6,888	45,091
Finance costs	79,603	78,940
Investment income	(9,129)	(2,228)
Gain on disposal of property, plant and equipment	-	(321)
Amortisation and impairment of intangible assets	29,236	(90,057)
Depreciation and impairment of property, plant and equipment	14,030	15,539
Movements in working capital:		
Decrease/(increase) in inventories	271,537	(108,164)
Decrease in trade and other receivables	252,087	48,749
Increase in trade and other payables	302,402	390,486
Cash generated from operations	808,024	457,418

27 Analysis of changes in net debt - group

	1 April 2019 £	Cash flows £	Exchange rate movements £	31 March 2020 £
Cash at bank and in hand	318,388	23,949	29,383	371,720
Borrowings excluding overdrafts	(1,296,334)	624,679	-	(671,655)
	<u>(977,946)</u>	<u>648,628</u>	<u>29,383</u>	<u>(299,935)</u>

28 Analysis of changes in net debt - company

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	223,589	46,807	270,396
Borrowings excluding overdrafts	(1,296,334)	624,679	(671,655)
	<u>(1,072,745)</u>	<u>671,486</u>	<u>(401,259)</u>