

Company Registration No. 07282017 (England and Wales)

ENGLISH TEA SHOP (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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
Auditor	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 2021

The directors present the strategic report for the year ended 31 March 2021.

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 third 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 2021 show the group's sales reduced from £11.6m in 2020 to £11.2m in 2021. The directors consider that revenue and profitability are the financial key performance indicators of the group. The group made a pre-tax profit £1.16m (2020: loss £132k).

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. In February 2020 the company introduced its philosophy titled, "Celebrating Prajāva" (Sri Lankan word for community). "Prajava" is a manifestation of English Tea Shop's commitment to achieve "love & prosperity through community". English Tea Shop aspired to be a leader in sustainability; with a long-term focus and commitment to build and celebrate people and the plant at large.

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 275 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 wealth sharing 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 operates under a management system called the "Big Game".

The group's 2020 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 2020, 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 2021

Launching the ESOP

English Tea Shop commenced its journey to become significantly employee owned by placing 15% of its ordinary shares of the principle business in Sri Lanka, in an Employee Trust in February 2020. This will be further enhanced to 30% in October 2021, along with the introduction of a new governance and a shareholder/employee succession model.

Partnership with Soil Association and Global Make Some Noise ("GMSN")

English Tea Shop continued to work with the Soil Association UK by contributing towards their Food for Life programme and the organic BOOM awards that deliver a social impact while celebrating the world of organic. Additionally, 0.8% from the value of what shoppers spent on English Tea Shop's products on Amazon.co.uk was contributed to the GMSN foundation that supports small and local charities working to address the needs in their communities.

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, UK 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. In 2020, English Tea Shop's factory was certified to SMETA 4 pillar standards having conformed to health & safety, labour, universal rights, environmental and business ethics framework set out by SEDEX (Supplier Ethical Data Exchange). The factory also obtained international certification for its Covid-19 Control Program from SGS UK, having complied the requirements to operate per strictest Covid prevention protocols.

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 2021

Future developments

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

Brexit

Brexit has represented one of the most momentous economic events for the UK. At English Tea Shop we conducted a detailed analysis of the risks and operational challenges to our business. Risks have been categorised as direct risks that directly affect the costs and operations and indirect risks that may affect the business via the general economic environment. Following Brexit, the business had to reconfigure trading with our European Union customers to reflect the challenges of exporting to the European Union. The fact that our goods are manufactured in Sri Lanka and can be directly sold to the European Union as cross border transactions solved many operational issues. A number of uncertainties remain following Brexit (and also the Pandemic) that are outside of our control such as the permanent increases in costs and time moving our goods across borders for our international trade and foreign exchange fluctuations.

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.

On behalf of the board

S.B. Herath

Director

28 October 2021

ENGLISH TEA SHOP (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £363,528. The directors recommend payment of a final dividend amounting to £132,063.

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

Auditor

Citroen Wells were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

ENGLISH TEA SHOP (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

S.B. Herath

Director

28 October 2021

ENGLISH TEA SHOP (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENGLISH TEA SHOP (UK) LIMITED

Opinion

We have audited the financial statements of English Tea Shop (UK) Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ENGLISH TEA SHOP (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENGLISH TEA SHOP (UK) LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

ENGLISH TEA SHOP (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ENGLISH TEA SHOP (UK) LIMITED

The extent to which the audit was considered capable of detecting irregularities including fraud

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management and seeking representations from those charged with governance. We corroborated our understanding by reviewing supporting documentation.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override of internal control and by designating revenue recognition as a fraud risk. We performed journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business. We tested completeness of income through substantive tests performed, analytical review procedures and cut off tests on the revenue recognised.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance and a review of legal and professional expenses.
- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The group claimed exemption from having their accounts audited during the year ended 31 March 2020. Accordingly, the comparative consolidated figures have not been audited.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kim Youle FCA (Senior Statutory Auditor)
For and on behalf of Citroen Wells

1 November 2021

Chartered Accountants
Statutory Auditor

Devonshire House
1 Devonshire Street
London
W1W 5DR

ENGLISH TEA SHOP (UK) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Revenue	2	11,182,511	11,594,664
Cost of sales		(8,742,834)	(9,685,743)
Gross profit		2,439,677	1,908,921
Distribution costs		(220,666)	(204,723)
Administrative expenses		(1,081,769)	(1,770,868)
Other operating income		56,411	5,402
Operating profit/(loss)	4	1,193,653	(61,268)
Investment income	7	7,333	9,129
Finance costs	8	(67,860)	(79,603)
Profit/(loss) before taxation		1,133,126	(131,742)
Tax on profit/(loss)	9	(147,123)	(6,888)
Profit/(loss) for the financial year		986,003	(138,630)
Other comprehensive income			
Currency translation differences		(51,976)	29,383
Total comprehensive income for the year		934,027	(109,247)
Profit/(loss) for the financial year is attributable to:			
- Owners of the parent company		990,759	(129,900)
- Non-controlling interests		(4,756)	(8,730)
		986,003	(138,630)
Total comprehensive income for the year is attributable to:			
- Owners of the parent company		938,783	(100,517)
- Non-controlling interests		(4,756)	(8,730)
		934,027	(109,247)

ENGLISH TEA SHOP (UK) LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Goodwill	11		17,800		26,700
Other intangible assets	11		12,915		25,998
Total intangible assets			30,715		52,698
Property, plant and equipment	12		-		527
			30,715		53,225
Current assets					
Inventories	15	682,061		1,132,175	
Trade and other receivables	16	1,548,511		1,792,455	
Cash and cash equivalents		337,785		371,720	
		2,568,357		3,296,350	
Current liabilities	17	(1,191,821)		(2,412,974)	
Net current assets			1,376,536		883,376
Total assets less current liabilities			1,407,251		936,601
Non-current liabilities	18		(211,712)		(311,561)
Net assets			1,195,539		625,040
Equity					
Called up share capital	21		1,000		1,000
Retained earnings			1,280,580		705,325
Equity attributable to owners of the parent company			1,281,580		706,325
Non-controlling interests			(86,041)		(81,285)
			1,195,539		625,040

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

The financial statements were approved by the board of directors and authorised for issue on 28 October 2021 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 2021

	Notes	2021 £	£	2020 £	£
Non-current assets					
Intangible assets	11		12,915		25,998
Property, plant and equipment	12		-		481
Investments	13		105,524		105,524
			<u>118,439</u>		<u>132,003</u>
Current assets					
Inventories	15	460,118		745,685	
Trade and other receivables	16	1,670,283		1,839,107	
Cash and cash equivalents		171,983		270,396	
		<u>2,302,384</u>		<u>2,855,188</u>	
Current liabilities	17	(1,151,769)		(2,224,510)	
Net current assets			<u>1,150,615</u>		<u>630,678</u>
Total assets less current liabilities			<u>1,269,054</u>		<u>762,681</u>
Non-current liabilities	18		(211,712)		(311,561)
Net assets			<u><u>1,057,342</u></u>		<u><u>451,120</u></u>
Equity					
Called up share capital	21		1,000		1,000
Retained earnings			1,056,342		450,120
Total equity			<u><u>1,057,342</u></u>		<u><u>451,120</u></u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £969,750 (2020 - £146,416 loss).

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

The financial statements were approved by the board of directors and authorised for issue on 28 October 2021 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 2021

	Notes	Share capital £	Retained earnings £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 April 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 deficit 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
Year ended 31 March 2021:						
Profit/(loss) for the year		-	990,759	990,759	(4,756)	986,003
Other comprehensive income:						
Currency translation differences		-	(51,976)	(51,976)	-	(51,976)
Total comprehensive income/(deficit) for the year		-	938,783	938,783	(4,756)	934,027
Dividends	10	-	(363,528)	(363,528)	-	(363,528)
Balance at 31 March 2021		1,000	1,280,580	1,281,580	(86,041)	1,195,539

ENGLISH TEA SHOP (UK) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 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
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	969,750	969,750
Dividends	10	-	(363,528)	(363,528)
Balance at 31 March 2021		1,000	1,056,342	1,057,342

ENGLISH TEA SHOP (UK) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	24	436,717		808,024	
Interest paid		(67,860)		(79,603)	
Income taxes refunded/(paid)		17,509		(51,809)	
Net cash inflow from operating activities		386,366		676,612	
Investing activities					
Purchase of intangible assets		(15,081)		(36,153)	
Purchase of property, plant and equipment		-		(960)	
Receipts arising from loans made		47,733		-	
Interest received		7,333		9,129	
Net cash generated from/(used in) investing activities		39,985		(27,984)	
Financing activities					
Repayment of bank loans		(44,782)		(624,679)	
Dividends paid to equity shareholders		(363,528)		-	
Net cash used in financing activities		(408,310)		(624,679)	
Net increase in cash and cash equivalents		18,041		23,949	
Cash and cash equivalents at beginning of year		371,720		318,388	
Effect of foreign exchange rates		(51,976)		29,383	
Cash and cash equivalents at end of year		337,785		371,720	

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

The consolidated group financial statements consist of the financial statements of the parent company English Tea Shop (UK) Ltd together with all entities controlled by the parent company (its subsidiaries).

All financial statements are made up to 31 March 2021. 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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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
------------	----------------------------------

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
--------------------------------	-------------------

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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

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.

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.

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.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Coronavirus Job Retention Scheme

The Coronavirus Job Retention Scheme ("CJRS") results in cash payments from the government to compensate employers for part of the wages, associated national insurance contributions (NICs) and employer pension contributions of employees who have been placed on furlough (i.e. placed on a temporary leave of absence from working for the employer).

The CJRS grant is recognised under the accruals model, and is recognised as income on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. As such the income from the grant is recognised on a straight line basis over the furlough period for each relevant employee.

1.18 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.

2 Revenue

	2021	2020
	£	£
Other significant revenue		
Interest income	7,333	9,129
Grants received	40,650	-
	=====	=====
	2021	2020
	£	£
Revenue analysed by geographical market		
UK	2,418,384	3,118,729
Europe	5,793,050	4,744,358
Rest of world	2,971,077	3,731,577
	=====	=====
	11,182,511	11,594,664

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	28,000	-
Audit of the financial statements of the company's subsidiaries	6,500	-
	<u>34,500</u>	<u>-</u>
For other services		
All other non-audit services	<u>17,123</u>	<u>60,468</u>

4 Operating profit/(loss)

	2021 £	2020 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(63,505)	69,342
Government grants	(40,650)	-
Depreciation of owned property, plant and equipment	527	14,030
Amortisation of intangible assets	<u>37,064</u>	<u>29,236</u>

5 Employees

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

	Group 2021 Number	2020 Number	Company 2021 Number	2020 Number
Management and administration	<u>9</u>	<u>9</u>	<u>7</u>	<u>8</u>

Their aggregate remuneration comprised:

	Group 2021 £	2020 £	Company 2021 £	2020 £
Wages and salaries	414,848	419,484	293,863	291,181
Social security costs	37,559	38,859	30,492	30,899
Pension costs	<u>7,741</u>	<u>8,127</u>	<u>6,428</u>	<u>6,820</u>
	<u>460,148</u>	<u>466,470</u>	<u>330,783</u>	<u>328,900</u>

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

6 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	127,846	124,018

7 Investment income

	2021 £	2020 £
Interest income		
Interest on bank deposits	5,230	6,648
Other interest income	2,103	2,481
Total income	7,333	9,129

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

8 Finance costs

	2021 £	2020 £
Other interest	67,860	79,603

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

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	147,123	-
Adjustments in respect of prior periods	-	(5,000)
Total UK current tax	147,123	(5,000)
Foreign current tax on profits for the current period	-	11,888
Total current tax	147,123	6,888

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
Profit/(loss) before taxation	1,133,126	(131,742)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	215,294	(25,031)
Tax effect of utilisation of tax losses not previously recognised	(63,142)	-
Unutilised tax losses carried forward	-	41,755
Permanent capital allowances in excess of depreciation	-	2,321
Amortisation on assets not qualifying for tax allowances	1,691	1,691
Other permanent differences	(17)	1,188
Effect of overseas tax rates	(6,703)	(10,036)
Under/(over) provided in prior years	-	(5,000)
Taxation charge	147,123	6,888

10 Dividends

	2021 £	2020 £
Recognised as distributions to equity holders:		
Interim paid	363,528	-

After the year end, the directors approved and paid a final dividend of £132,063.

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Intangible fixed assets

Group	Goodwill	Negative goodwill	Trademarks	Total
	£	£	£	£
Cost				
At 1 April 2020	89,000	(206,887)	163,824	45,937
Additions - separately acquired	-	-	15,081	15,081
At 31 March 2021	89,000	(206,887)	178,905	61,018
Amortisation and impairment				
At 1 April 2020	62,300	(206,887)	137,826	(6,761)
Amortisation charged for the year	8,900	-	28,164	37,064
At 31 March 2021	71,200	(206,887)	165,990	30,303
Carrying amount				
At 31 March 2021	17,800	-	12,915	30,715
At 31 March 2020	26,700	-	25,998	52,698

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 2020	157,718
Additions - separately acquired	15,081
At 31 March 2021	172,799
Amortisation and impairment	
At 1 April 2020	131,720
Amortisation charged for the year	28,164
At 31 March 2021	159,884
Carrying amount	
At 31 March 2021	12,915
At 31 March 2020	25,998

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Property, plant and equipment

Group	Fixtures, fittings & equipment £
Cost	
At 1 April 2020 and 31 March 2021	60,853
Depreciation and impairment	
At 1 April 2020	60,326
Depreciation charged in the year	527
At 31 March 2021	60,853
Carrying amount	
At 31 March 2021	-
At 31 March 2020	527
Company	
Cost	
At 1 April 2020 and 31 March 2021	54,319
Depreciation and impairment	
At 1 April 2020	53,838
Depreciation charged in the year	481
At 31 March 2021	54,319
Carrying amount	
At 31 March 2021	-
At 31 March 2020	481

13 Fixed asset investments

		Group 2021 £	2020 £	Company 2021 £	2020 £
	Notes				
Investments in subsidiaries	14	-	-	105,524	105,524

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Fixed asset investments (Continued)

Movements in non-current investments Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2020 and 31 March 2021	105,524
Carrying amount	
At 31 March 2021	105,524
At 31 March 2020	105,524

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 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 0
English Tea Shop (USA) Corp.	2	Tea wholesaler	Ordinary shares	100.00 0

Registered Office addresses:

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

15 Inventories

	Group 2021 £	2020 £	Company 2021 £	2020 £
Finished goods and goods for resale	682,061	1,132,175	460,118	745,685

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Trade and other receivables

	Group 2021	2020	Company 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade receivables	1,337,232	1,395,725	1,171,078	1,189,149
Corporation tax recoverable	29,269	46,778	29,269	46,778
Amounts owed by group undertakings	-	-	351,630	361,348
Other receivables	122,938	217,019	80,207	148,854
Prepayments and accrued income	59,072	132,933	38,099	92,978
	<u>1,548,511</u>	<u>1,792,455</u>	<u>1,670,283</u>	<u>1,839,107</u>

Amounts owed by group undertakings include a loan of £265,000 (2020: £265,000) which bears interest at 5% and is repayable in instalments over a five year period. £60,000 is due to be repaid within 1 year. Further amounts owed by group undertakings are interest free and repayable on demand.

Other receivables includes a directors loan (see note 23).

17 Current liabilities

		Group 2021	2020	Company 2021	2020
Notes		£	£	£	£
Bank loans	19	415,161	360,094	415,161	360,094
Trade payables		533,148	2,022,244	515,085	1,846,765
Corporation tax payable		147,123	-	147,123	-
Other taxation and social security		-	73	-	73
Other payables		35,600	4,410	35,345	4,154
Accruals and deferred income		60,789	26,153	39,055	13,424
		<u>1,191,821</u>	<u>2,412,974</u>	<u>1,151,769</u>	<u>2,224,510</u>

18 Non-current liabilities

		Group 2021	2020	Company 2021	2020
Notes		£	£	£	£
Bank loans and overdrafts	19	<u>211,712</u>	<u>311,561</u>	<u>211,712</u>	<u>311,561</u>

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Borrowings

	Group 2021 £	2020 £	Company 2021 £	2020 £
Bank loans	626,873	671,655	626,873	671,655
Payable within one year	415,161	360,094	415,161	360,094
Payable after one year	211,712	311,561	211,712	311,561

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.

20 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	7,741	8,127

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.

21 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary A Shares of £1 each	900	900	900	900
Ordinary B Shares of £1 each	100	100	100	100
	1,000	1,000	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 2021

22 Related party transactions

Transactions with related parties

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

	Purchases	
	2021	2020
	£	£
Group		
Entities with control, joint control or significant influence over the group	7,782,274	9,654,605

The following amounts were outstanding at the reporting end date:

	2021	2020
	£	£
Amounts due to related parties		
Group		
Entities with control, joint control or significant influence over the group	353,306	1,867,837

23 Directors' transactions

Dividends totalling £363,532 (2020 - £0) were paid in the year in respect of shares held by the company's directors.

In previous years loans have been granted by the group to its directors, the amount still outstanding is as follows:

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Directors Loan	2.50	101,043	2,103	(49,836)	53,310
		101,043	2,103	(49,836)	53,310

ENGLISH TEA SHOP (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

24 Cash generated from group operations

	2021 £	2020 £
Profit/(loss) for the year after tax	986,003	(138,630)
Adjustments for:		
Taxation charged	147,123	6,888
Finance costs	67,860	79,603
Investment income	(7,333)	(9,129)
Amortisation and impairment of intangible assets	37,064	29,236
Depreciation and impairment of property, plant and equipment	527	14,030
Movements in working capital:		
Decrease in inventories	450,114	271,537
Decrease in trade and other receivables	178,702	252,087
(Decrease)/increase in trade and other payables	(1,423,343)	302,402
Cash generated from operations	436,717	808,024

25 Analysis of changes in net debt - group

	1 April 2020 £	Cash flows £	Exchange rate £	31 March 2021 £
Cash at bank and in hand	371,720	18,041	(51,976)	337,785
Borrowings excluding overdrafts	(671,655)	44,782	-	(626,873)
	(299,935)	62,823	(51,976)	(289,088)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.