

EAST AFRICAN TEA INVESTMENTS
(Charity Number: SC043093)
(Company Number: SC415526)

DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
(a company limited by guarantee and not having share capital)

31 MARCH 2018

**EAST AFRICAN TEA INVESTMENTS
DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

CONTENTS	PAGE
LEGAL AND ADMINISTRATIVE INFORMATION.....	1
DIRECTORS' ANNUAL REPORT.....	2
DIRECTORS' RESPONSIBILITIES STATEMENT.....	6
INDEPENDENT AUDITOR'S REPORT.....	7
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES.....	10
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES.....	10
STATEMENT OF FINANCIAL ACTIVITIES.....	11
CONSOLIDATED BALANCE SHEET.....	12
BALANCE SHEET.....	13
CONSOLIDATED CASH FLOW STATEMENT.....	14
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	15

**EAST AFRICAN TEA INVESTMENTS
LEGAL AND ADMINISTRATIVE INFORMATION**

DIRECTORS AND CHARITY TRUSTEES

Sir Ian C Wood
Graham Good
Peter Hesketh
Justin Highstead

COMPANY SECRETARY

Alistair Buchan

ORGANISATION

The day to day management of the charity is delegated to Sir Ian Wood, Chairman

REGISTERED OFFICE

Blenheim House
Fountainhall Road
ABERDEEN
AB15 4DT

AUDITORS

Anderson Anderson & Brown Audit LLP
Kingshill View
Prime Four Business Park
Kingswells
ABERDEEN
AB15 8PU

BANKERS

Clydesdale Bank
St Nicholas Branch
62 Union Street
ABERDEEN
AB10 1WD

SOLICITORS

Turcan Connell
Princes Exchange
1 Earl Grey Street
EDINBURGH
EH3 9EE

EAST AFRICAN TEA INVESTMENTS DIRECTORS' ANNUAL REPORT

Legal and administrative information set out on the previous page forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of Governing Document

East African Tea Investments is a company limited by guarantee (company number SC415526) and a registered charity in Scotland (charity number SC043093). The charitable company is governed by its Memorandum and Articles of Association.

Organisational Structure

The board of Directors administer the charitable company. Sir Ian Wood, Chairman, oversees the day to day operations of the charitable company.

The Company's governing document is its Memorandum and Articles of Association.

Recruitment and Appointment of Directors

The powers for appointment and removal of Directors are set out in the Articles of Association.

It is the charitable company's policy to seek to appoint Directors who have a specific interest in its objects or whose skills can complement those already in place.

Induction and Training of Directors

The Directors have been given appropriate information and training regarding their legal roles and responsibilities upon appointment to the Board.

Risk Management

The Directors have assessed the major risks to which the charitable company is exposed, in particular those related to the operations and finance of the Charity and are satisfied that systems are in place to manage the exposure to major risk.

OBJECTIVES AND ACTIVITIES

East African Tea Investments chosen objectives are:

- (i) To promote and advance for the public benefit the prevention and relief of poverty and the advancement of citizenship and community development through, in particular, without prejudice to the foregoing generality, the encouragement and promotion of sustainable development; and
- (ii) The regeneration of communities, the maintenance and improvement of infrastructure of disadvantaged communities, and assisting disadvantaged communities in East Africa.

These aims are achieved by providing seed corn finance, professional support and other assistance to such communities or to disadvantaged individuals in such communities in setting up and running their own businesses for the benefit of the community or by establishing and running such businesses itself in order to provide employment, training and other opportunities for the benefit of those in need by reason of disadvantage and in furtherance of community development and regeneration in disadvantaged communities in East Africa.

**EAST AFRICAN TEA INVESTMENTS
DIRECTORS' ANNUAL REPORT**

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2018.

ASSESSMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by EATI relate to climatic conditions, global tea prices and political stability. These risks are mitigated by choosing areas with a good history of tea growing conditions and ensuring adequate levels of reserves are maintained to enable EATI to withstand any downturn, and by recruiting suitably qualified and experienced staff.

EXECUTIVE SUMMARY

East African Tea Investments ("EATI") is a jointly controlled charitable company, set up in January 2012. It is a joint venture by The Wood Foundation ("TWF"), established by Sir Ian Wood and family in 2007, and the Gatsby Charitable Foundation ("Gatsby"), set up by Lord David Sainsbury in 1967.

EATI supports two tea development projects of TWF and Gatsby, namely, 'Chai' in Tanzania and 'Imbarutso' in Rwanda.

In Tanzania, EATI has majority ownership and control of a tea development services company in the Southern Highlands which is four years into a programme to support the start-up of 3,000 new smallholder tea farmers in the Njombe region.

The Imbarutso project in Rwanda continues to expand the development of two tea factories, which are majority owned and controlled by EATI, working directly with 12,000 smallholder tea farmers. We continue to progress towards transferring ownership of the factories to the smallholder farmers upon recovery of our principal investment at nil return, and when they achieve certain capacity and governance KPI's. EATI now owns two tea development services companies in Rwanda where we have commenced two significant greenfield development projects in partnership with Unilever and Luxmi, both international tea processors who will each build a large state of the art tea processing factory at Nyaruguru and Rugabano respectively that will be majority supplied by the smallholder farmers. Nyaruguru and Rugabano are both extremely poor areas badly affected by the Genocide and these projects will help transform the lives of many smallholder farmers as well as having a transformational impact on the regional economies.

CHARITABLE ACTIVITIES DURING THE 2017/18 YEAR:

Having acquired two tea processing factories in Rwanda late 2012, we continue to work with 12,000 smallholder tea farmers, with the intention of eventually transferring ownership of each factory to them, which will be a first in Rwanda.

We now operate three tea development service companies supporting large numbers of smallholder farmers to plant out tea, each providing a range of professional training and agronomic services, as well as the long-term patient finance required to fund the smallholder development. All smallholder loans are provided to them at no interest. The latest of these companies, based at Rugabano in Rwanda, was established during the year. Each greenfield development project will impact a large number of smallholders, significantly improving their livelihoods and the local economy.

The services companies are funded by patient loans at nil interest advanced from EATI.

Charitable activity spend by EATI in the year was £11.98 million, largely comprising trading costs in the subsidiary tea factories. No grants were committed by the charity during the year.

EAST AFRICAN TEA INVESTMENTS DIRECTORS' ANNUAL REPORT

PLANS FOR FUTURE YEAR

The business plan for the coming year is to continue with the ongoing projects in the tea sector in Tanzania and Rwanda.

FINANCIAL REVIEW

The net incoming resources for the year, amounting to £2.11m (2017 - £4.50m) have been dealt with as shown in the Statement of Financial Activities.

The Directors have prepared financial statements which are in accordance with current statutory requirements, the Memorandum and Articles of Association and the 2015 Statement of Recommended Practice - Accounting and Reporting by Charities.

The income of the Charity for the year ending 31 March 2018 was £14.09m (2017 - £12.91m) which includes £2.2m (2017 - £3.0m) of donations received from The Wood Foundation Africa and £11.77m (2017 - £9.81m) of incoming resources from charitable activities. Charitable expenditure for the year was £11.98m (2017 - £8.41m), as detailed in Note 6.

At the year end, EATI held £6.5m (2017 - £5.5m) in cash at bank, largely comprising bank balances in the subsidiary tea factories.

RESERVES

It is the Reserves Policy of EATI to only retain minimal reserves. Projects are funded through a combination of funding from EATI members, The Wood Foundation and The Gatsby Charitable Foundation, and from other donors including the UK Department for International Development ('DFID') UK Aid programme.

Total reserves held at 31 March 2018 were £22.3m (2017 - £21.7m), of which £21.1m (2017 - £21.7m) were held in restricted reserves which relate to funds received for the investments in EATI tea factory and services company subsidiaries in Rwanda and Tanzania, together with reserves which have arisen as a result of the investments. The services companies provide long-term support to enable large numbers of smallholder tea farmers plant out tea and a consequence is that these services companies will incur losses in the initial years and as a result will be in a deficit position as detailed at note 12, however costs will be recovered over the long term (approximately 20 years) and so, depending on the factory results, it is expected that Unrestricted Funds as shown in the Statement of Financial Activities will be negative in the next few years. Unrestricted funds at 31 March 2018 were £1.2m (2017 - £(25,000)).

The Directors are satisfied that the level of reserves held at 31 March 2018 is in line with the Reserves Policy and will maintain a level of free reserves to enable the charity to sustain its ongoing charitable activities.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

**EAST AFRICAN TEA INVESTMENTS
DIRECTORS' ANNUAL REPORT**

AUDITORS

Anderson, Anderson & Brown Audit LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

The directors' report and strategic report was approved by the board of directors and signed on its behalf.



.....
Director - Sir Ian Wood

.....
20 DECEMBER 2018
Date

EAST AFRICAN TEA INVESTMENTS DIRECTORS' RESPONSIBILITIES STATEMENT

The directors (who are also trustees of East African Tea Investments for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare the financial statements for each 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 the affairs of the company and the group and of the incoming resources and application of resources of the company and the group for that year. In preparing these financial statements, the directors are required to:

- Observe the methods and principles in the charities SORP;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF EAST AFRICAN TEA INVESTMENTS

Opinion

We have audited the financial statements of East African Tea Investments (the 'charitable company') for the year ended 31 March 2018 which comprises the Group and Charity Statements of Financial Activities, the Group and Charity Balance Sheet, the Group Cashflow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure 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, Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

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

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

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF EAST AFRICAN TEA INVESTMENTS

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the companies act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements
- 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 our knowledge and understanding of the charitable 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 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

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

Responsibilities of Directors

- As explained more fully in the Directors' responsibilities statement, the directors (who are also the directors of the charitable company for the purposes of company law) 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF
EAST AFRICAN TEA INVESTMENTS**

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the companies Act 2006 report in accordance with the Act and relevant regulations made or having effect thereunder.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors 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 charitable company, its members, as a body, and its trustees, as a body for our audit work, for this report, or for the opinions we have formed.

Anderson Anderson & Brown Audit LLP

John Black (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: *20 DECEMBER 2018*

EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2018

	Note	Unrestricted funds £'000	Restricted funds £'000	2018 Total Funds £'000	2017 Total funds £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	2,172	2,172	3,028
Charitable activities	5	11,774	-	11,774	9,808
Investments	4	145	-	145	74
TOTAL		11,919	2,172	14,091	12,910
EXPENDITURE ON:					
Charitable activities	6	10,687	1,294	11,981	8,406
TOTAL		10,687	1,294	11,981	8,406
NET INCOME BEFORE MINORITY INTERESTS		1,232	878	2,110	4,504
Minority interests	13	(565)	-	(565)	79
NET INCOME AFTER MINORITY INTERESTS		667	878	1,545	4,583
CONSOLIDATED OTHER RECOGNISED GAINS AND LOSSES					
Minority interest movement	23	558	(850)	(292)	229
Movement on foreign exchange of net investment in overseas operations	23	-	(579)	(579)	380
NET MOVEMENT IN FUNDS	9	1,225	(551)	674	5,192
RECONCILIATION OF FUNDS					
Total funds brought forward		(25)	21,691	21,666	16,474
Total funds carried forward	23	1,200	21,140	22,340	21,666

The notes on pages 15 to 35 form part of these financial statements.

EAST AFRICAN TEA INVESTMENTS**STATEMENT OF FINANCIAL ACTIVITIES (incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000	2017 Total funds £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	2,172	2,172	3,028
Investments	4	930	-	930	613
TOTAL		930	2,172	3,102	3,641
EXPENDITURE ON:					
Charitable activities	6	-	1,469	1,469	(1,476)
TOTAL		-	1,469	1,469	(1,476)
NET MOVEMENT IN FUNDS	9	930	703	1,633	5,117
RECONCILIATION OF FUNDS					
Total funds brought forward	23	1,197	16,127	17,324	12,207
Total funds carried forward	23	2,127	16,830	18,957	17,324

The company has made no gains or losses other than as reported above.

The notes on pages 15 to 35 form part of these financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
CONSOLIDATED BALANCE SHEET - 31 MARCH 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible fixed assets			
Negative goodwill	14	-	(176)
Tangible fixed assets	15	8,390	10,337
		<u>8,390</u>	<u>10,161</u>
CURRENT ASSETS			
Stocks	16	2,252	1,535
Debtors	17	8,045	6,988
Cash at bank and in hand		6,463	5,516
		<u>16,760</u>	<u>14,039</u>
CREDITORS: amounts falling due within one year	18	(2,645)	(2,405)
NET CURRENT ASSETS		<u>14,115</u>	<u>11,634</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>22,505</u>	<u>21,795</u>
CREDITORS: amounts falling due after more than one year	18	(8)	(12)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	20	(157)	(117)
NET ASSETS		<u>22,340</u>	<u>21,666</u>
FUNDS			
Unrestricted			
General	23	734	67
Minority interests	23	466	(92)
		<u>1,200</u>	<u>(25)</u>
Restricted			
Tea Charitable Investment Fund	23	18,162	17,284
Minority interests	23	4,034	4,884
Exchange reserve	23	(1,056)	(477)
		<u>21,140</u>	<u>21,691</u>
TOTAL FUNDS		<u>22,340</u>	<u>21,666</u>

Signed on behalf of the Board of Directors


 Director - Sir Ian Wood

20 DECEMBER 2018
 Date

The notes on pages 15 to 35 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
BALANCE SHEET - 31 MARCH 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	12	5,158	5,158
CURRENT ASSETS			
Debtors	17	11,933	10,757
Cash at bank and in hand		1,874	1,416
		13,807	12,173
CREDITORS: amounts falling due within one year	18	(8)	(7)
NET CURRENT ASSETS		13,799	12,166
NET ASSETS		18,957	17,324
FUNDS			
Unrestricted funds	23	2,127	1,197
Restricted funds	23	16,830	16,127
		18,957	17,324

Signed on behalf of the Board of Directors


 Director Sir Ian Wood

20 DECEMBER 2018
 Date

The notes on pages 15 to 35 form part of the financial statements.

**EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
Cash flow from operating activities			
Net income for the year		2,110	4,504
Depreciation of tangible fixed assets		1,156	1,172
(Increase)/decrease in stocks		(717)	495
Increase in debtors		(1,083)	(3,412)
Decrease in creditors		92	366
Amortisation of negative goodwill		(176)	(267)
Taxation charge		402	102
Taxation paid		(145)	(105)
Foreign exchange arising on consolidation		5	(45)
Net cash provided by operating activities		<u>1,644</u>	<u>2,810</u>
Cashflow from investing activities			
Purchase of tangible fixed assets		<u>(643)</u>	<u>(434)</u>
Cashflow from financing activities			
Repayment of amounts borrowed		(47)	(47)
Dividends paid to minority interests		(7)	-
Net cash used in financing activities		<u>(54)</u>	<u>(47)</u>
Increase in cash in the year	24	<u><u>947</u></u>	<u><u>2,329</u></u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £'000	2017 £'000
Increase in cash in the year		947	2,329
Cash outflow from decrease in debt financing		47	47
Movement in funds for the year		<u>994</u>	<u>2,376</u>
Net funds at 31 March 2017		<u>5,469</u>	<u>3,093</u>
Net funds at 31 March 2018	24	<u><u>6,463</u></u>	<u><u>5,469</u></u>

The notes on pages 15 to 35 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

1. ACCOUNTING POLICIES

(a) *Basis of financial statements preparation*

The financial statements are prepared under the historical cost convention, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The company constitutes a public benefit entity as defined by FRS 102.

(b) *Going concern*

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) *Consolidation*

These financial statements consolidate the accounts of East African Tea Investments, Njombe Outgrowers Services Company Ltd, Services Company Outgrowers Nyaruguru Ltd, Mulindi Factory Company Ltd and Shagasha Tea Company Ltd. The results of subsidiaries acquired during the year are included from the effective date of acquisition.

(d) *Acquisition accounting*

Business combinations are accounted for by acquisition accounting. The identifiable assets and liabilities of the companies acquired are included in the group's consolidated balance sheet and at their fair value at the date of acquisition. The results and cash flows of the acquired companies are brought into the group financial statements only from the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is treated as either positive or negative goodwill and is amortised on a straight-line basis, over its useful economic life.

(e) *Income*

i) *Donations and legacies*

Donations and legacies are included in the Statement of Financial Activities in the year in which they are receivable.

ii) *Investment income*

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable. Investment income includes the computed tax credit and tax deducted at source.

EAST AFRICAN TEA INVESTMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

(e) *Income (continued)*

iii) Charitable activities

Income from charitable activities is the sale of goods through the normal course of the subsidiaries activities.

Income from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of income can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(f) *Expenditure*

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT.

Expenditure is directly attributed to the relevant category in the Statement of Financial Activities where practical.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

Grants or instalments of grants offered in connection with projects with institutions are charged to the Statement of Financial Activities in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional and the conditions are within the control of the charity, such grants being recognised as expenditure when payment is made.

Conditional grants where the conditions are outwith the control of the charity are charged to the Statement of Financial Activities in full in the year in which the offer is conveyed.

Grants which have been conveyed in the year but not recognised as expenditure are disclosed as contingent liabilities in the financial statements.

Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

(g) *Taxation*

The Company is recognised by HM Revenue & Customs as a charity and, as a consequence of the tax reliefs available in relation to current year income, is not liable to taxation.

In the trading subsidiaries current tax is based on assessable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes or includes 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 are enacted or substantively enacted by the balance sheet date.

(h) *Fixed asset investments*

Fixed asset investments are included at cost at the year end. Gains and losses on disposal or revaluation of investments are charged or credited to the Statement of Financial Activities and form part of the fund in which the asset is held.

(i) *Intangible fixed assets*

Goodwill arising on the acquisition of subsidiary undertakings is capitalised and amortised on a straight line basis over its useful economic life, which is 5 years, the year over which, in the opinion of the directors, the company will derive direct economic benefit from the goodwill acquired as part of that business. The group tests goodwill for impairment if there are indications that the goodwill might be impaired and provision would be made for any impairment identified in this review.

(j) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation.

The cost of fixed assets is their purchase cost together with any directly related costs of acquisition.

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Freehold buildings	40 years
Plant & machinery	3 years and 10 years
Bearer plants	30 - 60 years

The fair value of agricultural produce grown on the bearer plants is deemed to be insignificant and is therefore not recognised in these financial statements.

(k) *Stocks*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

(l) *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

(m) *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

(n) *Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease.

Rentals paid under operating leases are charged to income on straight-line basis over the lease term.

(o) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rate of exchange. The resulting profits or losses are dealt with in the Statement of Financial Activities.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

1. ACCOUNTING POLICIES (continued)

(p) *Joint arrangements*

Where the charity enters into a joint arrangement, such that it carries out activities in partnership with other bodies, without forming a separate legal partnership, then the charity's gross share of the incoming resources and resources expended and the assets and liabilities are included in the financial statements.

(q) *Funds*

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the directors.

Restricted funds are to be used for specific purposes as laid down by the donor.

(r) *Pensions*

Eligible employees are members of defined contribution pension schemes. Pension costs charged to the Statement of Financial Activities represents the contributions payable by the Group in the year.

(s) *Financial Instruments*

The charitable company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related and third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

2. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported during the year for income and expenditure. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on the amounts recognised in the financial statements:

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the useful economic lives and residual values of the assets. Useful lives and residual values are reassessed annually. They are assessed where necessary to reflect current estimates based on economic utilisation and physical condition.

3. DONATIONS AND LEGACIES

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Donations - restricted	<u>2,172</u>	<u>2,172</u>	<u>3,028</u>	<u>3,028</u>

In addition to the above the Company benefits from certain administrative and finance functions from JW Holdings Ltd which are provided without charge.

4. INCOME FROM INVESTMENTS

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Loan interest receivable	132	487	74	403
Dividends received	-	430	-	210
Bank interest receivable	13	13	-	-
	<u>145</u>	<u>930</u>	<u>74</u>	<u>613</u>

In 2018 and 2017 all income from investments was to unrestricted funds.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Incoming resources and resources expended in respect of charitable activities relate to the operation of the service companies and tea factories in East Africa through the subsidiary companies as follows:

Group	2018 Services Company Outgrowers Nyaruguru	2018 Rugabano Outgrowers Services	2018 Njombe Outgrowers Services Company	2018 Mulindi Factory Company	2018 Shagasha Tea Company	2018 Incoming Resources	2018 Resources Expended
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	71	10	285	6,942	4,442	11,750	
Cost of sales	(123)	(29)	(399)	(4,850)	(3,352)		(8,753)
	(52)	(19)	(114)	2,092	1,090		
Other income	-	-	3	19	2	24	
Distribution costs	-	-	(58)	(121)	(78)		
Administrative expenses	(107)	(93)	(457)	(185)	(153)		(1,252)
Interest payable and similar charges	-	-	(22)	(151)	(211)		
Gain/loss on foreign exchange	(12)	(3)	(1)	115	96		(189)
	(171)	(115)	(649)	1,769	746		
Tax on profit on ordinary activities (note 8)	(4)	(2)	(1)	(279)	(116)		(402)
(Loss)/profit after taxation	(175)	(117)	(650)	1,490	630		
						11,774	(10,596)
Consolidation adjustments							
Depreciation fair value adjustments							(437)
Elimination of intercompany loan interest							355
Total unrestricted income/(expenditure)						11,774	(10,678)

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (continued)

Incoming resources and resources expended in respect of charitable activities relate to the operation of the service companies and tea factories in East Africa through the subsidiary companies as follows:

Group	2017 Services Company Outgrowers Nyaruguru	2017 Njombe Outgrowers Services Company	2017 Mulindi Factory Company	2017 Shagasha Tea Company	2017 Incoming Resources	2017 Resources Expended
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	-	204	5,846	3,740	9,790	
Cost of sales	-	(278)	(4,829)	(3,192)		(8,299)
	-	(74)	1,017	548		
Other income	-	4	12	2	18	
Distribution costs	(86)	(45)	(125)	(77)		
Administrative expenses	(83)	(337)	(190)	(156)		(1,099)
Interest payable and similar charges	-	(44)	(142)	(200)		
Gain/loss on foreign exchange	(9)	(5)	(4)	(109)		(513)
	(178)	(501)	568	8		
Tax on profit on ordinary activities (note 8)	-	-	(96)	(6)		(102)
(Loss)/profit after taxation	(178)	(501)	472	2		
					9,808	(10,013)
Consolidation adjustments						
Depreciation fair value adjustments						(474)
Elimination of intercompany loan interest						329
Total unrestricted income/(expenditure)					9,808	(10,158)

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

6. EXPENDITURE ON CHARITABLE ACTIVITIES

Group	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
Resources expended from Charitable Activities (note 5)	10,678	-	10,678	10,158
Support costs:				
Exchange differences	9	1,460	1,469	(1,496)
Amortisation of negative goodwill	-	(176)	(176)	(267)
Governance costs (note 7)	-	10	10	11
	<u>10,687</u>	<u>1,294</u>	<u>11,981</u>	<u>8,406</u>

In 2017, £10,149,000 of expenditure on charitable activities was from unrestricted funds and £(1,743,000) was from restricted funds.

Company	Unrestricted £'000	Restricted £'000	2018 Total £'000	2017 Total £'000
Support costs:				
Exchange differences	-	1,460	1,460	(1,487)
Governance costs (note 7)	-	9	9	11
	<u>-</u>	<u>1,469</u>	<u>1,469</u>	<u>(1,476)</u>

In 2018 and 2017, all expenditure on charitable activities was from restricted funds.

7. GOVERNANCE COSTS

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Auditors' remuneration	<u>10</u>	<u>9</u>	<u>11</u>	<u>11</u>

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

8. TAXATION

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Overseas corporation tax	318	-	119	-
Deferred tax charge (note 19)	84	-	(17)	-
	<u>402</u>	<u>-</u>	<u>102</u>	<u>-</u>

Overseas income tax is charged on taxable profits generated by the group's operations in Rwanda. Tax is charged at the Rwanda Revenue Authority's preferential rate of 15%. No tax has been incurred on the groups trading in Tanzania due to losses incurred since incorporation.

9. NET MOVEMENT IN TOTAL FUNDS FOR THE YEAR *is stated after charging:*

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation				
- owned assets	1,156	-	1,172	-
Amortisation of negative goodwill	(176)	-	(267)	-
Net exchange losses/(gains) on foreign currency	1,265	1,460	(1,623)	(1,487)
Auditors' remuneration				
- audit fees	6	6	6	6
	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>

EAST AFRICAN TEA INVESTMENTS**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018****10. STAFF COSTS AND NUMBERS**

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Staff costs:				
Wages and salaries	1,321	-	1,091	-
Social security	89	-	56	-
	<u>1,410</u>	<u>-</u>	<u>1,147</u>	<u>-</u>

The average number of persons employed by the Group and Company during the year was as follows:

	2018		2017	
	Group No	Company No	Group No	Company No
Management & administration	57	-	52	-
Operations	647	-	627	-
	<u>704</u>	<u>-</u>	<u>679</u>	<u>-</u>

There were no employees whose emoluments, excluding pension contributions, totalled over £60,000 during the year.

11. DIRECTORS' EMOLUMENTS AND EXPENSES

The Directors received no remuneration from the Company during the year.

No Directors received expenses from the Company during the year.

No employees other than the Directors are considered to be key management personnel.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

12. INVESTMENTS

Investments held in subsidiaries:

	2018 Shares in group undertakings £'000	2017 Shares in group undertakings £'000
Company Cost		
At 1 April 2017	5,158	5,158
At 31 March 2018	<u>5,158</u>	<u>5,158</u>

The subsidiaries included in investments are as follows:

Name	Country	Description	Net Assets/ (liabilities) £'000	Profit/(loss) for the year £000
Mulindi Factory Company Limited	Rwanda	Operation of tea factories	5,443	1,490
Shagasha Tea Company Limited	Rwanda	Operation of tea factories	3,396	630
Njombe Outgrowers Services Company Limited	Tanzania	Operation of tea service company	(1,303)	(650)
Services Company Nyaruguru Limited	Rwanda	Operation of tea service company	(317)	(175)
Rugabano Services Company Limited	Rwanda	Operation of tea service company	(109)	(117)

The investments are held as programme related investments.

Details of the charitable objectives of these investments are included in the directors' report.

EAST AFRICAN TEA INVESTMENTS**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018****13. MINORITY INTEREST**

Minority interest in the consolidated statement of financial activities of £565,000 (2017 - £(79,000)) represents the share of subsidiary undertakings' results for the year which does not belong to the group.

The balance sheet figure at 31 March 2018 of £4,710,000 (2017 - £4,792,000) represents the percentage of the subsidiary undertakings' net assets at that date, which do not belong to the group.

14. INTANGIBLE ASSETS

	Negative Goodwill £'000
Cost	
At 1 April 2017	(1,333)
Movement	-
At 31 March 2018	<u>(1,333)</u>
Amortisation	
At 1 April 2017	(1,157)
Charge/(credit) for year	(176)
At 31 March 2018	<u>(1,333)</u>
Net book value	
At 31 March 2018	-
At 31 March 2017	<u>(176)</u>

The goodwill recognised represents the difference in the group's share of the fair value of the assets acquired in Mulindi Factory Company Limited and Shagasha Tea Company Limited and the consideration paid to acquire the assets.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

15. TANGIBLE FIXED ASSETS

Group	Assets under construction £'000	Freehold land & buildings £'000	Plant & machinery £'000	Bearer plants £'000	Total £'000
Cost or valuation					
At 1 April 2017	28	5,321	7,755	1,806	14,910
Additions	36	113	494	-	643
Reclassification of assets	(28)	-	28	-	-
Disposals	-	-	(4)	-	(4)
Foreign exchange movement	(2)	(767)	(1,136)	(258)	(2,163)
At 31 March 2018	34	4,667	7,137	1,548	13,386
Depreciation					
At 1 April 2017	-	410	3,358	805	4,573
Charge for year	-	96	875	185	1,156
Disposals	-	-	(5)	-	(5)
Foreign exchange movement	-	(66)	(534)	(128)	(728)
At 31 March 2018	-	440	3,694	862	4,996
Net book value					
At 31 March 2018	34	4,227	3,443	686	8,390
At 31 March 2017	34	4,911	4,397	1,001	10,337

16. STOCKS

	Group 2018 £'000	Group 2017 £'000
Made tea	1,565	860
Nurseries	424	289
Other	263	386
	2,252	1,535

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

17. DEBTORS

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	2,455	-	2,105	-
Amounts due from subsidiaries	-	336	-	441
Amounts due from related undertakings	506	197	-	-
Loans to subsidiary undertakings	-	6,387	-	5,681
Other loans	4,988	4,988	4,635	4,635
Other debtors	96	25	222	-
Deferred tax (note 20)	-	-	26	-
	<u>8,045</u>	<u>11,933</u>	<u>6,988</u>	<u>10,757</u>

East African Tea Investments has made loans to Unilever Tea Tanzania Limited for factory and tea estate capital expenditure purposes. The loan bears interest at 3.2% on 7 year bullet repayment terms.

Loans to subsidiary undertakings are included within debtors due within one year however the likelihood is that these will be recovered in more than one year.

18. CREDITORS: amounts falling due within one year

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	1,644	-	1,636	-
Amounts due to related undertakings	690	-	691	-
Other creditors	112	-	24	-
Accruals and deferred income	8	8	7	7
Bank loans	-	-	47	-
Corporation tax	191	-	-	-
	<u>2,645</u>	<u>8</u>	<u>2,405</u>	<u>7</u>

CREDITORS: amounts falling due more than one year

Bank loans	-	-	-	-
Deferred capital grant (note 21)	8	-	12	-
	<u>8</u>	<u>-</u>	<u>12</u>	<u>-</u>

The bank loans attracted interest of 5.9% and were repayable in monthly instalments over 3 years. They were secured by a charge against certain group assets.

EAST AFRICAN TEA INVESTMENTS**NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018****19. DEFERRED TAXATION**

	Group 2018 £'000	Group 2017 £'000
At 1 April 2017	91	102
Charge in the year	84	17
Foreign exchange movements	(18)	(28)
At 31 March 2018	<u>157</u>	<u>91</u>

In addition to the above, a deferred tax asset of £501,000 (2017 - £229,000) in respect of tax losses has not been recognised due to uncertainty over its future recoverability.

20. PROVISION FOR LIABILITIES AND CHARGES

The provision for deferred taxation is made up as follows:

	Group 2018 £'000	Group 2017 £'000
Fixed asset timing differences	160	204
Tax losses carried forward	-	(108)
Other timing differences	(3)	(5)
	<u>157</u>	<u>91</u>

	Group 2018 £'000	Group 2017 £'000
Comprising:		
Asset	-	(26)
Liability	<u>157</u>	<u>117</u>
	<u>157</u>	<u>91</u>

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

21. DEFERRED CAPITAL GRANT

	Group 2018 £'000	Group 2017 £'000
At 1 April 2017	12	-
Additions	-	15
Released to statement of financial activities	(4)	(3)
At 31 March 2018	<u>8</u>	<u>12</u>

22. FINANCIAL INSTRUMENTS

	2018		2017	
	Group £ '000	Company £ '000	Group £ '000	Company £ '000
Financial assets				
Financial assets measured at fair value through profit or loss	6,463	1,874	5,516	1,416
Financial assets measured at amortised cost	8,045	11,933	6,937	10,757
	<u>14,508</u>	<u>13,807</u>	<u>12,453</u>	<u>12,173</u>

	2018		2017	
	Group £ '000	Company £ '000	Group £ '000	Company £ '000
Financial liabilities				
Financial liabilities measured at amortised cost	2,454	8	2,405	7

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

23. MOVEMENT IN FUNDS

Group	At 31 March 2017 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2018 £'000
Unrestricted					
General fund	67	11,919	(10,687)	(565)	734
Minority interests	(92)	-	-	558	466
	<u>(25)</u>	<u>11,919</u>	<u>(10,687)</u>	<u>(7)</u>	<u>1,200</u>
Restricted					
Tea charitable investment fund	17,284	2,172	(1,294)	-	18,162
Minority interests	4,884	-	-	(850)	4,034
Foreign exchange reserve	(477)	-	-	(579)	(1,056)
	<u>21,691</u>	<u>2,172</u>	<u>(1,294)</u>	<u>(1,429)</u>	<u>21,140</u>
Total	<u><u>21,666</u></u>	<u><u>14,091</u></u>	<u><u>(11,981)</u></u>	<u><u>(1,436)</u></u>	<u><u>22,340</u></u>
Company	At 31 March 2017 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2018 £'000
Unrestricted					
General fund	1,197	930	-	-	2,127
Restricted					
Tea charitable investment fund	16,127	2,172	(1,469)	-	16,830
Total	<u><u>17,324</u></u>	<u><u>3,102</u></u>	<u><u>(1,469)</u></u>	<u><u>-</u></u>	<u><u>18,957</u></u>

Unrestricted funds are generated by trading activities along with interest receivable on investments.

Restricted funds relate to funds received for the investment in tea factories in East Africa together with reserves which have arisen as a result of this investment.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS – 31 MARCH 2018

23. MOVEMENT IN FUNDS (continued)

The comparative figures for 2017 were:

Group	At 31 March 2016 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2017 £'000
Unrestricted					
General fund	255	9,882	(10,149)	79	67
Minority interests	(13)	-	-	(79)	(92)
	<u>242</u>	<u>9,882</u>	<u>(10,149)</u>	<u>-</u>	<u>(25)</u>
Restricted					
Tea charitable investment fund	12,513	3,028	1,743	-	17,284
Minority interests	4,576	-	-	308	4,884
Foreign exchange reserve	(857)	-	-	380	(477)
	<u>16,232</u>	<u>3,028</u>	<u>1,743</u>	<u>688</u>	<u>21,691</u>
Total	<u>16,474</u>	<u>12,910</u>	<u>(8,406)</u>	<u>688</u>	<u>21,666</u>
Company					
	At 31 March 2016 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2017 £'000
Unrestricted					
General fund	584	613	-	-	1,197
Restricted					
Tea charitable investment fund	11,623	3,028	1,476	-	16,127
Total	<u>12,207</u>	<u>3,641</u>	<u>1,476</u>	<u>-</u>	<u>17,324</u>

Unrestricted funds are generated by trading activities along with interest receivable on investments.

Restricted funds relate to funds received for the investment in tea factories in East Africa together with reserves which have arisen as a result of this investment.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

23. MOVEMENT IN FUNDS (continued)

Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	2018 Total funds £'000
Group			
Intangible fixed assets	-	-	-
Tangible fixed assets	-	8,390	8,390
Net current assets	1,200	12,915	14,115
Creditors due in more than one year	-	(165)	(165)
At 31 March 2018	1,200	21,140	22,340
Company			
Investments	-	5,158	5,158
Net current assets	2,127	11,672	13,799
At 31 March 2018	2,127	16,830	18,957

The comparative figures for 2017 were:

	Unrestricted funds £'000	Restricted funds £'000	2017 Total funds £'000
Group			
Intangible fixed assets	-	(176)	(176)
Tangible fixed assets	-	10,337	10,337
Net current assets	(25)	11,659	11,634
Creditors due in more than one year	-	(129)	(129)
At 31 March 2017	(25)	21,691	21,666
Company			
Investments	-	5,158	5,158
Net current assets	1,197	10,969	12,166
At 31 March 2017	1,197	16,127	17,324

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2018

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 March 2017 £'000	Cash Flow £'000	Non-cash changes £'000	At 31 March 2018 £'000
Cash at bank and in hand	5,516	947	-	6,463
Debt:				
Bank loans due in less than 1 Year	(47)	47	-	-
Net funds	<u>5,469</u>	<u>994</u>	<u>-</u>	<u>6,463</u>

25. RELATED PARTY TRANSACTIONS

Control

Throughout the year the Group was controlled by the Board of Directors.

Transactions

During the year, the group was recharged certain costs and was charged management fees by The Wood Foundation Africa, a subsidiary of The Wood Foundation, an entity with joint control of East African Tea Investments. The total amounts outstanding in relation to these transactions at the year end were £690,000 (2017 - £691,000) and this represents the full value of the transactions in the year. In addition, grants of £2,172,000 (2017 - £3,028,000) were received from The Wood Foundation Africa in the year. The total amounts outstanding in relation to the grant transactions at the year end is £197,000 (2017 - £nil).

During the year the group recharged certain costs to The Wood Foundation Africa. The amount outstanding at the year end was £309,000 (2017-£nil) and this represents the full value of the transactions in the year.

26. LEGAL STATUS

East African Tea Investments is a company limited by guarantee and not having a share capital. The members' liability in the event of winding up is limited by guarantee not exceeding £1 per member.

