

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 2020

**EAST AFRICAN TEA INVESTMENTS
DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

DIRECTORS

Sir Ian C Wood
Graham Good (resigned 16 May 2019)
Peter Hesketh
Justin Highstead (resigned 16 May 2019)
David Knopp (appointed 16 May 2019)
Robert Unwin (appointed 16 May 2019)

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

The Directors submit their report and the audited financial statements of East African Tea Investments ("EATI") for the year ended 31 March 2020.

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.

EATI is a joint venture company of The Wood Foundation and Gatsby Africa holding charitable investments as part of their joint projects to improve the livelihoods of large numbers of smallholder tea farmers in Rwanda and Tanzania.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of Governing Document

East African Tea Investments is a company limited by guarantee (company number SC415526) and a recognised 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, manages 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.

EAST AFRICAN TEA INVESTMENTS DIRECTORS' ANNUAL REPORT

OBJECTIVES AND ACTIVITIES

East African Tea Investments chosen objectives are:

- (i) To promote and advance for the public benefit the prevention or relief of poverty and the advancement of citizenship or 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 or 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.

STRATEGIC REPORT

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

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 during January 2012. It is a joint venture by The Wood Foundation ("TWF"), established by Sir Ian Wood and family in 2007, and Gatsby Africa ("Gatsby"), a subsidiary of the Gatsby Charitable Foundation set up by Lord David Sainsbury in 1967.

The Directors are pleased to report that the tea factories and new tea development projects in Africa have been largely unaffected by the global COVID-19 pandemic due to a combination of efforts by host country governments to stop the spread of transmission from the main cities to the rural areas and by various mitigation protocols implemented by EATI and its partners.

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 services company in the Southern Highlands established in 2014 to support the start-up of 3,000 new smallholder tea farmers in the Njombe region.

EAST AFRICAN TEA INVESTMENTS DIRECTORS' ANNUAL REPORT

EXECUTIVE SUMMARY (continued)

The Imbarutso project in Rwanda continues to operate two smallholder-supplied tea factories, which are majority owned and controlled by EATI, working directly with 12,000 smallholder tea farmers. Significant investment has been made to modernise both factories and train the farmers in good agronomic practices which enables them to supply higher quality leaf, which directly improves the price, improve their yields and therefore the farmer income. We continue to progress towards our intent of transferring ownership of the factories to the smallholder farmers when we have recovered our principal investment at nil return, and when they achieve certain capacity and governance KPI's. It is expected that EATI will transfer its shareholding in one of these factories in 2021. EATI also continues to operate two services companies in Rwanda each supporting a large-scale greenfield development which will supply new tea processing factories at Nyaruguru and Rugabano owned by Unilever and Silverback Tea Company Limited ("Silverback") respectively. Silverback is owned 75% by Luxmi, an eminent family tea business in India and 25% The Wood Foundation Africa, a subsidiary of TWF. Both of these factories will be majority supplied by the smallholder farmers and the first of these factories was opened in July 2019 at Rugabano. Nyaruguru and Rugabano are both extremely poor areas badly affected by the Genocide and it is encouraging to see both of these projects providing employment opportunities in the local communities and already having a transformational impact on the regional economies.

CHARITABLE ACTIVITIES DURING THE 2019/20 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. Following significant efforts working with the smallholder farmers in their fields and investing to improve the quality of made tea processed in each factory it is expected that EATI will transfer its entire shareholding in the first of these factories at nil consideration in 2021, which will become the first tea factory in Rwanda 100% owned by the smallholder farmer suppliers.

We now operate three tea development services companies each tasked with developing between 2,500 and 4,000 hectares of smallholder tea. These are large-scale and long-term commitments to improve the income levels of the large number of smallholder tea farmers involved and, in turn, transform these impoverished local economies. Each services company provides a full range of patient loans, agronomic training and logistics services to support the farmers to plant and cultivate tea on their own land, and so build up a long-term small business for the benefit of their families.

The services companies are funded by patient loans at nil interest advanced from EATI and the factory owners. A proportion of the EATI funding is being ultimately provided by the the UK Government Foreign, Commonwealth & Development Office's UKAid Programme.

Charitable activity spend by EATI in the year was £13.1 million, largely comprising trading costs in the subsidiary tea factories. During the year the group paid grants to its Member charities of £695,000 (2019 - £nil) to The Wood Foundation and £695,000 (2019 - £nil) to Gatsby Africa. Total amounts outstanding in relation to the grant transactions at the year end is £nil (2019 - £nil).

During the year the company transferred a 49% stake in Njombe Outgrowers Services Company Limited ("NOSC") to smallholder farmer ownership in Tanzania via their tea cooperative at £nil consideration. The disposal of the 49% stake in NOSC at this early stage increased EATI reserves due to NOSC's accumulated losses to date. However, the purpose of the transfer was to give the smallholder farmers a meaningful stake in the company and the transfer of shares has not changed EATI's support of the company or the arrangements to provide interest-free loan finance to NOSC to cover the budgeted losses throughout the initial planting years of the tea development project. NOSC is budgeted to recover those losses in later years as the tea production increases which will enable it to repay the EATI loans.

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 including ensuring a smooth transfer of ownership of Mulindi Factory Company Limited to the smallholder farmer suppliers in Rwanda.

FINANCIAL REVIEW

The net incoming resources for the year, amounting to £0.7m (2019 - £2.4m) 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 2020 was £13.83m (2019 - £13.72m) which includes £1.1m (2019 - £1.4m) of donations received from The Wood Foundation Africa and £12.54m (2019 - £12.13m) of incoming resources from charitable activities. Charitable expenditure for the year was £13.10m (2019 - £11.32m), as detailed in Note 6.

At the year end EATI held £8.3m (2019 - £8.5m) in cash at bank, largely comprising bank balances in the subsidiary tea factories.

RESERVES

Projects are funded through a combination of grant funding from EATI members, The Wood Foundation and Gatsby Africa, other donors including the Foreign, Commonwealth and Development Office's UK Aid programme, and investment returns from the subsidiary companies.

Total reserves held at 31 March 2020 were £25.7m (2019 - £25m), of which £25.6m (2019 - £23.5) 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 funding and operational support to enable large numbers of smallholder tea farmers plant out tea and a consequence is that Njombe Outgrowers Services Company Limited, Services Company Nyaruguru Limited and Rugabano Outgrowers Services Limited are budgeted to incur losses in the initial years resulting in a deficit in reserves, as shown in Note 12. 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 may well be negative in the next few years. Unrestricted funds at 31 March 2020 were £0.06m (2019 - £1.45m).

The Directors are satisfied that the level of reserves held at 31 March 2020 is in line with the Reserves Policy which is to 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

.....
22 DECEMBER 2020
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 'parent charitable company') and its subsidiaries (the "group") for the year ended 31 March 2020 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 group's and of the parent charitable company's affairs as at 31 March 2020 and of the group and parent charitable company's 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 regulations 6 and 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: 22 December 2020

EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2020

	Note	Unrestricted funds £'000	Restricted funds £'000	2020 Total Funds £'000	2019 Total funds £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	1,108	1,108	1,416
Charitable activities	5	12,543	-	12,543	12,128
Investments	4	176	-	176	177
TOTAL		12,719	1,108	13,827	13,721
EXPENDITURE ON:					
Charitable activities	6	14,058	(959)	13,099	11,319
TOTAL		14,058	(959)	13,099	11,319
NET INCOME BEFORE NON-CONTROLLING INTERESTS		(1,339)	2,067	728	2,402
Non-controlling interests	13	254	-	254	76
NET INCOME AFTER NON-CONTROLLING INTERESTS		(1,085)	2,067	982	2,478
CONSOLIDATED OTHER RECOGNISED GAINS AND LOSSES					
Non-controlling interests movement	23	(1,601)	53	(1,548)	44
Movement on foreign exchange of net investment in overseas operations	23	-	(69)	(69)	135
Gain on decrease in controlling stake in subsidiary	23	1,294	-	1,294	-
NET MOVEMENT IN FUNDS	9	(1,392)	2,051	659	2,657
RECONCILIATION OF FUNDS					
Total funds brought forward		1,451	23,546	24,997	22,340
Total funds carried forward	23	59	25,597	25,656	24,997

The notes on pages 16 to 36 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 2020

	Note	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	-	1,108	1,108	1,416
Investments	4	1,791	-	1,791	1,452
TOTAL		1,791	1,108	2,899	2,868
EXPENDITURE ON:					
Charitable activities	6	1,387	(956)	431	(988)
TOTAL		1,387	(956)	431	(988)
NET MOVEMENT IN FUNDS	9	404	2,064	2,468	3,856
RECONCILIATION OF FUNDS					
Total funds brought forward	23	3,579	19,234	22,813	18,957
Total funds carried forward	23	3,983	21,298	25,281	22,813

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

The notes on pages 16 to 36 form part of these financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
CONSOLIDATED BALANCE SHEET - 31 MARCH 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible fixed assets			
Negative goodwill	14	-	-
Tangible fixed assets	15	7,312	7,998
		<u>7,312</u>	<u>7,998</u>
CURRENT ASSETS			
Stocks	16	2,507	2,010
Debtors	17	11,007	9,139
Cash at bank and in hand		8,272	8,539
		<u>21,786</u>	<u>19,688</u>
CREDITORS: amounts falling due within one year	18	(3,339)	(2,537)
NET CURRENT ASSETS		<u>18,447</u>	<u>17,151</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,759</u>	<u>25,149</u>
CREDITORS: amounts falling due after more than one year	18	(3)	(5)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	20	(100)	(147)
NET ASSETS		<u>25,656</u>	<u>24,997</u>
FUNDS			
Unrestricted			
General	23	1,303	1,094
Non-controlling interests	23	(1,244)	357
		<u>59</u>	<u>1,451</u>
Restricted			
Tea Charitable Investment Fund	23	22,347	20,280
Non-controlling interests	23	4,240	4,187
Exchange reserve	23	(990)	(921)
		<u>25,597</u>	<u>23,546</u>
TOTAL FUNDS		<u>25,656</u>	<u>24,997</u>

Signed on behalf of the Board of Directors


 Director - Sir Ian Wood

22 DECEMBER 2020
 Date

The notes on pages 16 to 36 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
BALANCE SHEET - 31 MARCH 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Investments	12	5,198	5,198
CURRENT ASSETS			
Debtors	17	17,899	14,217
Cash at bank and in hand		2,193	3,407
CREDITORS: amounts falling due within one year	18	20,092 (9)	17,624 (9)
NET CURRENT ASSETS		20,083	17,615
NET ASSETS		25,281	22,813
FUNDS			
Unrestricted funds	23	3,983	3,579
Restricted funds	23	21,298	19,234
		25,281	22,813

Signed on behalf of the Board of Directors


 Director - Sir Ian Wood

Date

22 DECEMBER 2020

The notes on pages 16 to 36 form part of the financial statements.

**EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £'000	2019 £'000
Cash flow from operating activities			
Net income for the year		728	2,402
Depreciation of tangible fixed assets		1,049	1,065
Loss on disposal of fixed assets		-	60
(Increase)/decrease in stocks		(497)	242
Increase in debtors		(1,868)	(1,050)
Increase in creditors		815	38
Taxation charge		243	234
Taxation paid		(256)	(438)
Foreign exchange arising on consolidation		(162)	(13)
Net cash provided by operating activities		52	2,540
Cashflow from investing activities			
Purchase of tangible fixed assets		(266)	(431)
		(214)	2,109
Cashflow from financing activities			
Dividends paid to non-controlling interests		(53)	(33)
Net cash used in financing activities		(53)	(33)
(Decrease)/increase in cash in the year	24	(267)	2,076

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £'000	2019 £'000
(Decrease)/increase in cash in the year		(267)	2,076
Net funds at 31 March 2019		8,539	6,463
Net funds at 31 March 2020	24	8,272	8,539

The notes on pages 16 to 36 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

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 are pleased to report that the tea factories and new tea development projects in Africa have been largely unaffected by the global COVID-19 pandemic due to a combination of efforts by host country governments to stop the spread of transmission from the main cities to the rural areas and by various mitigation protocols implemented by EATI and its partners.

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, Rugabano Outgrowers Services 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 2020

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 2020

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 2020

1. ACCOUNTING POLICIES (continued)

(i) *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 2020

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 2020

2. JUDGMENTS 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

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Donations - restricted	1,108	1,108	1,416	1,416

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

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Loan interest receivable	160	506	156	533
Dividends received	-	1,269	-	898
Bank interest receivable	16	16	21	21
	176	1,791	177	1,452

In 2020 and 2019 all income from investments was to unrestricted funds.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

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

Group	2020 Services Company Outgrowers Nyaruguru	2020 Rugabano Outgrowers Services	2020 Njombe Outgrowers Services Company	2020 Mulindi Factory Company	2020 Shagasha Tea Company	2020 Incoming Resources	2020 Resources Expended
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	263	221	377	7,288	4,170	12,319	
Cost of sales	(297)	(265)	(403)	(5,871)	(3,609)		(10,445)
	(34)	(44)	(26)	1,417	561		
Other income	5	-	74	93	52	224	
Distribution costs	-	-	(124)	(149)	(91)		(364)
Administrative expenses	(217)	(223)	(469)	(300)	(210)		(1,419)
Interest payable and similar charges	-	-	-	(147)	(207)		(354)
(Loss)/gain on foreign exchange	(50)	(39)	6	182	53		152
	(296)	(306)	(539)	1,096	158		
Tax on profit on ordinary activities (note 8)	2	2	(2)	(202)	(43)		(243)
(Loss)/profit after taxation	(294)	(304)	(541)	894	115		
						12,543	(12,673)
Consolidation adjustments							
Depreciation fair value adjustments						-	(413)
Elimination of equity disposal						-	38
Elimination of intercompany loan interest						-	346
Total unrestricted income/(expenditure)						12,543	(12,702)

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020
5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (continued)

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

Group	2019 Services Company Outgrowers Nyaruguru	2019 Rugabano Outgrowers Services	2019 Njombe Outgrowers Services Company	2019 Mulindi Factory Company	2019 Shagasha Tea Company	2019 Incoming Resources	2019 Resources Expended
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	138	215	281	6,961	4,458	12,053	
Cost of sales	(207)	(197)	(323)	(5,630)	(3,690)	-	(10,047)
	(69)	18	(42)	1,331	768	-	-
Other income	-	-	59	14	2	75	-
Distribution costs	-	-	(132)	(122)	(78)	-	(332)
Administrative expenses	(206)	(219)	(500)	(259)	(201)	-	(1,385)
Interest payable and similar charges	-	-	-	(130)	(209)	-	(339)
(Loss)/gain on foreign exchange	(32)	(20)	(75)	113	82	-	68
	(307)	(221)	(690)	947	364	-	-
Tax on profit on ordinary activities (note 8)	1	(1)	(1)	(166)	(67)	-	(234)
(Loss)/profit after taxation	(306)	(222)	(691)	781	297	-	-
						12,128	(12,269)
Consolidation adjustments							
Depreciation fair value adjustments							(426)
Elimination of foreign exchange on intercompany loans and interest							286
Elimination of intercompany loan interest							377
Total unrestricted income/(expenditure)						12,128	12,032

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

6. EXPENDITURE ON CHARITABLE ACTIVITIES

Group			2020	2019
	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
Resources expended from Charitable Activities (note 5)	12,702	-	12,702	12,032
Grant payments (note 25)	1,387	-	1,387	-
Support costs:				
Exchange differences	(31)	(969)	(1000)	(723)
Governance costs (note 7)	-	10	10	10
	<u>14,058</u>	<u>(959)</u>	<u>13,099</u>	<u>11,319</u>

In 2019, £12,021,000 of expenditure on charitable activities was from unrestricted funds and £(702,000) was from restricted funds.

Company			2020	2019
	Unrestricted £'000	Restricted £'000	Total £'000	Total £'000
Grant payments (note 25)	1,387	-	1,387	-
Support costs:				
Exchange differences	-	(966)	(966)	(998)
Governance costs (note 7)	-	10	10	10
	<u>1,387</u>	<u>(956)</u>	<u>431</u>	<u>(988)</u>

In 2019 all expenditure on charitable activities was from restricted funds.

7. GOVERNANCE COSTS

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Auditors' remuneration	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

8. TAXATION

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Overseas corporation tax	293	-	250	-
Deferred tax charge (note 19)	(50)	-	(16)	-
	<u>243</u>	<u>-</u>	<u>234</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:

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation				
- owned assets	1,049	-	1,065	-
Net exchange (gains)/losses on foreign currency	(1,152)	(966)	(1,077)	(998)
Auditors' remuneration				
- audit fees	8	8	6	6
	<u>8</u>	<u>8</u>	<u>6</u>	<u>6</u>

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

10. STAFF COSTS AND NUMBERS

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Staff costs:				
Wages and salaries	1,367	-	1,369	-
Social security	102	-	87	-
	<u>1,469</u>	<u>-</u>	<u>1,456</u>	<u>-</u>

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

	2020		2019	
	Group No	Company No	Group No	Company No
Management & administration	59	-	54	-
Operations	794	-	716	-
	<u>853</u>	<u>-</u>	<u>770</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 2020

12. INVESTMENTS

Investments held in subsidiaries:

Company	2020 Shares in group undertakings £'000	2019 Shares in group undertakings £'000
Cost		
At 1 April 2019	5,198	5,158
Additions	-	40
At 31 March 2020	5,198	5,198

The subsidiaries included in investments are as follows:

Name	Country	Ownership	Description	Net Assets/ (liabilities) £'000	Profit/(loss) for the year £000
Mulindi Factory Company Limited	Rwanda	55%	Operation of tea factories	5,687	893
Shagasha Tea Company Limited	Rwanda	60%	Operation of tea factories	3,295	117
Njombe Outgrowers Services Company Limited	Tanzania	51%	Operation of tea service company	(2,640)	(541)
Services Company Nyaruguru Limited	Rwanda	100%	Operation of tea service company	(931)	(294)
Rugabano Services Company Limited	Rwanda	100%	Operation of tea service company	(637)	(304)

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

EATI intends to pass on its shares in the two tea factories for no consideration to smallholder ownership once it recovers its original investment and the smallholder farmers achieve certain capacity and governance KPIs. Discussions on the first handover commenced in the past year and it is expected that the shares will be handed over within the next 12 months.

In 2019 Investment additions related to further share capital in Njombe Outgrowers Services Company Limited ("NOSC") purchased in the year.

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

12. INVESTMENTS (continued)

During the year the company transferred a 49% stake in NOSC to smallholder farmer ownership in Tanzania via their tea cooperative at £nil consideration. The disposal of the 49% stake in NOSC at this early stage increased EATI reserves due to NOSC's accumulated losses to date. However, the purpose of the transfer was to give the smallholder farmers a meaningful stake in the company and the transfer of shares has not changed EATI's support of the company or the arrangements to provide interest-free loan finance to NOSC to cover the budgeted losses throughout the initial planting years of the tea development project. NOSC is budgeted to recover those losses in later years as the tea production increases which will enable it to repay the EATI loans.

13. NON-CONTROLLING INTEREST

Non-controlling interest in the consolidated statement of financial activities of £(254,000) (2019 - £(76,000)) represents the share of subsidiary undertakings' results for the year which does not belong to the group.

The balance sheet figure at 31 March 2020 of £2,997,000 (2019 - £4,544,000) 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 2019	(1,333)
Movement	-
At 31 March 2020	<u>(1,333)</u>
Amortisation	
At 1 April 2019	(1,333)
Charge/(credit) for year	-
At 31 March 2020	<u>(1,333)</u>
Net book value	
At 31 March 2020	<u>-</u>
At 31 March 2019	<u>-</u>

The goodwill recognised represented 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 2020

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 2019	-	4,851	7,708	1,601	14,160
Additions	-	105	161	-	266
Disposals/impairment	-	-	(1)	-	(1)
Foreign exchange movement	-	62	104	20	186
At 31 March 2020	-	5,018	7,972	1,621	14,611
Depreciation					
At 1 April 2019	-	551	4,540	1,071	6,162
Charge for year	-	96	775	178	1,049
Disposals	-	-	1	-	1
Foreign exchange movement	-	8	66	13	87
At 31 March 2020	-	655	5,382	1,262	7,299
Net book value					
At 31 March 2020	-	4,363	2,590	359	7,312
At 31 March 2019	-	4,300	3,168	530	7,998

16. STOCKS

	Group 2020 £'000	Group 2019 £'000
Made tea	1,234	1,098
Nurseries	903	545
Other	370	367
	2,507	2,010

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

17. DEBTORS

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	4,472	-	3,112	-
Amounts due from subsidiaries	-	354	-	377
Amounts due from related undertakings	486	486	484	-
Loans to subsidiary undertakings	-	11,252	-	8,449
Other loans	5,657	5,657	5,365	5,365
Other debtors	392	150	178	26
	<u>11,007</u>	<u>17,899</u>	<u>9,139</u>	<u>14,217</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 loans are provided to finance the operations of the subsidiary entities and as such are expected to be recovered in more than one year.

18. CREDITORS: amounts falling due within one year

	2020		2019	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	2,124	-	1,609	-
Amounts due to related undertakings	1,052	-	764	-
Other creditors	119	-	107	-
Accruals and deferred income	9	9	9	9
Corporation tax	35	-	48	-
	<u>3,339</u>	<u>9</u>	<u>2,537</u>	<u>9</u>

CREDITORS: amounts falling due more than one year

Deferred capital grant (note 21)	<u>3</u>	<u>-</u>	<u>5</u>	<u>-</u>
	<u>3</u>	<u>-</u>	<u>5</u>	<u>-</u>

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

19. DEFERRED TAXATION

	Group 2020 £'000	Group 2019 £'000
At 1 April 2018	147	157
Charge in the year	(50)	(16)
Foreign exchange movements	3	6
At 31 March 2019	<u>100</u>	<u>147</u>

In addition to the above, a deferred tax asset of £561,000 (2019 - £502,000) 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 2020 £'000	Group 2019 £'000
Fixed asset timing differences	116	150
Other timing differences	(16)	(3)
	<u>100</u>	<u>147</u>
Comprising:	Group 2020 £'000	Group 2019 £'000
Asset	100	147
Liability	<u>100</u>	<u>147</u>

EAST AFRICAN TEA INVESTMENTS

NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

21. DEFERRED CAPITAL GRANT

	Group 2020 £'000	Group 2019 £'000
At 1 April 2019	5	8
Released to statement of financial activities	(2)	(3)
At 31 March 2020	<u>3</u>	<u>5</u>

22. FINANCIAL INSTRUMENTS

	2020		2019	
	Group £ '000	Company £ '000	Group £ '000	Company £ '000
Financial assets				
Financial assets measured at fair value through profit or loss	8,272	2,193	8,539	3,407
Financial assets measured at amortised cost	11,007	17,899	9,139	14,217
	<u>19,279</u>	<u>20,092</u>	<u>17,678</u>	<u>17,624</u>

	2020		2019	
	Group £ '000	Company £ '000	Group £ '000	Company £ '000
Financial liabilities				
Financial liabilities measured at amortised cost	3,165	9	2,489	9

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

23. MOVEMENT IN FUNDS

Group	At 31 March 2019 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2020 £'000
Unrestricted					
General fund	1,094	12,719	(14,058)	1,548	1,303
Non-controlling interests	357	-	-	(1,601)	(1,244)
	<u>1,451</u>	<u>12,719</u>	<u>(14,058)</u>	<u>(53)</u>	<u>59</u>
Restricted					
Tea charitable investment fund	20,280	1,108	959	-	22,347
Non-controlling interests	4,187	-	-	53	4,240
Foreign exchange reserve	(921)	-	-	(69)	(990)
	<u>23,546</u>	<u>1,108</u>	<u>959</u>	<u>(16)</u>	<u>25,597</u>
Total	<u>24,997</u>	<u>13,827</u>	<u>(13,099)</u>	<u>(69)</u>	<u>25,656</u>
Company	At 31 March 2019 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2020 £'000
Unrestricted					
General fund	3,579	1,791	(1,387)	-	3,983
Restricted					
Tea charitable investment fund	19,234	1,108	956	-	21,298
Total	<u>22,813</u>	<u>2,899</u>	<u>(431)</u>	<u>-</u>	<u>25,281</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.

Included within other movements is a transfer to non-controlling interests of £1,294,000 on a reduction in the controlling interest of a subsidiary (note 12).

EAST AFRICAN TEA INVESTMENTS
NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS - 31 MARCH 2020

23. MOVEMENT IN FUNDS (continued)

The comparative figures for 2019 were:

Group	At 31 March 2018 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2019 £'000
Unrestricted					
General fund	734	12,305	(12,021)	76	1,094
Non-controlling interests	466	-	-	(109)	357
	<u>1,200</u>	<u>12,305</u>	<u>(12,021)</u>	<u>(33)</u>	<u>1,451</u>
Restricted					
Tea charitable investment fund	18,162	1,416	702	-	20,280
Non-controlling interests	4,034	-	-	153	4,187
Foreign exchange reserve	(1,056)	-	-	135	(921)
	<u>21,140</u>	<u>1,416</u>	<u>702</u>	<u>288</u>	<u>23,546</u>
Total	<u>22,340</u>	<u>13,721</u>	<u>(11,319)</u>	<u>255</u>	<u>24,997</u>
Company	At 31 March 2018 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2019 £'000
Unrestricted					
General fund	2,127	1,452	-	-	3,579
Restricted					
Tea charitable investment fund	16,830	1,416	988	-	19,234
Total	<u>18,957</u>	<u>2,868</u>	<u>988</u>	<u>-</u>	<u>22,813</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 2020

23. MOVEMENT IN FUNDS (continued)

Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Group			
Tangible fixed assets	-	7,312	7,312
Net current assets	59	18,388	18,447
Creditors due in more than one year	-	(103)	(103)
At 31 March 2020	59	25,597	25,656
Company			
Investments	-	5,198	5,198
Net current assets	3,983	16,100	20,083
At 31 March 2020	3,983	21,298	25,281

The comparative figures for 2019 were:

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
Group			
Tangible fixed assets	-	7,998	7,998
Net current assets	1,451	15,700	17,151
Creditors due in more than one year	-	(152)	(152)
At 31 March 2019	1,451	23,546	24,997
Company			
Investments	-	5,198	5,198
Net current assets	3,579	14,036	17,615
At 31 March 2019	3,579	19,234	22,813

EAST AFRICAN TEA INVESTMENTS

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24. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 March 2019 £'000	Cash Flow £'000	Non-cash changes £'000	At 31 March 2020 £'000
Cash at bank and in hand	8,539	(267)	-	8,272
Net funds	8,539	(267)	-	8,272

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 totalling £795,000 (2019 - £764,000) 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 £795,000 (2019 - £764,000). In addition, grants of £1,108,000 (2019 - £1,520,000) 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 £486,000 (2019 - £nil).

During the year, the group recharged certain costs to The Wood Foundation Africa totalling £nil (2019 - £175,000). The amount outstanding at the year end was £nil (2019 - £484,000).

During the year, the group paid grants to its Member charities of £695,000 (2019 - £nil) to The Wood Foundation and £695,000 (2019 - £nil) to Gatsby Africa. Total amounts outstanding in relation to the grant transactions at the year end is £nil (2019 - £nil).

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.