

COMPANY REGISTRATION NUMBER: 01250122

Borelli Tea Holdings Limited
Financial Statements
31 March 2023

FERGUSON MAIDMENT & CO.
Chartered accountants & statutory auditor
167 Fleet Street
London
EC4A 2EA

Borelli Tea Holdings Limited

Financial Statements

Year ended 31 March 2023

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Borelli Tea Holdings Limited

Officers and Professional Advisers

The board of directors

D Sen
A Khaitan
S Knight
B J Ruck
P Bhar

Company secretary

D Sen

Registered office

Woodlands
79 High Street
Greenhithe
Kent
DA9 9RD

Auditor

Ferguson Maidment & Co.
Chartered accountants & statutory auditor
167 Fleet Street
London
EC4A 2EA

Bankers

ICICI Bank UK Plc
21 Knightsbridge
London
SW1X 7LY

Borelli Tea Holdings Limited

Strategic Report

Year ended 31 March 2023

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of an investment holding company and trading company. The other major activity of the company is receiving royalties from the licensing of its intellectual property in trademarks.

The results for the year and financial position of the company are as shown in the annexed financial statements. During the year company performance was satisfactory and the key performance indicators are:

	2023	2022
	£	£
Turnover	1,078,733	874,776
Operating profit / (loss)	290,033	(495,500)
Post tax profit / (loss)	(17,464,728)	(812,243)
Shareholder's fund	2,008,056	19,472,784

The principal financial instruments comprise bank balances, creditors, debtors and long-term loans from group companies as and when required. The main purpose of these instruments is to fund the company's ongoing working capital requirements. Due to the nature of these instruments the company is not exposed to price risk. The company has US\$ denominated loans payable, loans receivable and bank deposits. The company is therefore exposed to currency risk.

INVESTMENT IN THE BUSINESS

The company has primarily invested in the tea plantation sector; however it will continue to seek suitable investments in any sector that it believes provides a good investment opportunity and with the increase in tea prices worldwide, the directors expect the company's tea plantation investments to provide enhanced earnings potential in the years ahead.

The performance of the Borelli Tea Holdings Limited and it's subsidiaries during the year were as follows:

PHU BEN TEA COMPANY LIMITED (PBT)

Profit / Loss:

PBT is a fully owned subsidiary of Borelli Tea Holdings Limited. It prepares its accounts calendar year wise. During the calendar year 2022, the company incurred loss (both pre-tax and post-tax) of USD 2.88 Million as against loss (both pre-tax and post-tax) of USD 4.51 Million in calendar year 2021. In Year 2022, Depreciation was USD 0.63 million, and Finance-cost was USD 0.22 million; therefore, operating profit (i.e. EBIDT) was negative for Year 2022.

Manufacture, Sales, Selling-Price and Closing Stock:

During the year 2022, PBT manufactured 0.63 million kg of tea (2021: 3.24 million kg). During the year 2022, PBT sold 3.25 million kg tea (2021: 6.37 million kg). Average selling price per kg during 2022 was USD 1.06 (2021: USD 1.19). Closing Stock of tea as at 31.12.2022 was 0.60 Million kg (31.12.2021: 2.9 million kg).

Outlook:

Currently the company is totally non-operational with a steady deterioration of assets. The company has defaulted in servicing bank loans taken for working capital purpose and two local Vietnam banks are threatening to take over and sell the secured assets. Vietnam local govt authorities also under pressure from local farmers who are unpaid to take over assets to realise their dues.

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2023

Reasons for the sudden downturn in Phu ben Tea Company Limited:

The main reason for the rapid deterioration in the situation at PBTCL was due to sale prices falling below the cost of production for the last few years. This was due to the drop in international tea prices, particularly in Kenya, Africa (due to substantial increase in their small holder's production) which is the benchmark for global tea pricing. In addition, the Company faced challenges in maintaining EU MRL compliance in the last few years despite best efforts to sensitise its farmers to ensure this, as they faced repeated pest attacks and loss of standing crop, resulting in limiting PBTCL's market reach. Lastly, PBTCL's largest global customer M/s Unilever sold their global branded tea business to M/s CVC Capital Partners in 2021, under the new name of Ekaterra. Ekaterra since changed their sourcing strategy and stopped buying from PBTCL and other Vietnam teas, partly in an effort to improve their quality profile and in part due to the concerns on maintaining EU MRL compliance in Vietnam.

1. PBTCL was largely dependent on the Unilever business to run its operations profitably and could not substitute this business loss to diversify in a timely manner due to Unilever/Ekaterra's abrupt decision to stop buying.
2. In addition to the above, the two other foremost buying entities of Russia and Pakistan faced payment issues respectively with the ongoing war in Ukraine and the collapse of the Pakistan economy leading to a devaluation in their currency and payment remittance issues.
3. PBTCL operations have now come to a standstill due to the lack of funds and our company is no longer able to infuse any further funds.
4. PBTCL mostly produces CTC-variety of tea which does not have any domestic-market in Vietnam.
5. PBTCL gets export-contracts from Pakistan, but the sale price does not cover costs.
6. In view of the above, PBTCL has concentrated on selling its old tea stock, and severely curtailed fresh production for the last season.
7. PBTCL's own working capital has been exhausted due to losses incurred over many years. Although we as the holding company invested further funds, our finances have also been severely depleted and are no longer available for PBTCL.
8. PBTCL's local bankers have regularly reduced their credit limits and brought it down by 50% over two years.

MCLEOD RUSSEL UGANDA LIMITED (MRUL)

Profit / Loss:

MRUL is a fully owned subsidiary of Borelli Tea Holdings Limited. It prepares its accounts on a calendar year basis. During the year 2022, the Company's total comprehensive Income was USD 1,766 million as against total comprehensive loss of USD 0.70 million in year 2021. During the year, the company focussed its attention on quality parameters and raw materials from field and even with lower sales realization the company was able to sustain its creditability with bank and other creditors by paying back their dues.

Manufacture, Sales, Selling-Price and Closing Stock:

During the year 2022, MRUL manufactured 19.655 million kg of tea (2021 - 20.973 million kg). During the year 2022, MRUL sold 20.236 million kg tea (2021 - 20.796 million kg). Average selling price per kg during 2022 was USD 1.31 (2021 -USD 1.13). Closing Stock of tea as at 31.12.2022 was 3.18 million kg (31.12.2021 - 3.80 million kg).

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2023

Outlook:

In 2022, MRUL managed to produce 19,654,879 Kgs of Made Tea out of which 10,790,559Kgs was from Own crop and 8,864,320 Kgs from Bought Leaf. Compared to 2021, there was a drop of 1,317,812 Kgs in 2022, that is; a drop of 331,029 Kgs own leaf and a drop of 986,783 Kgs from bought leaf.

There was more rainfall in 2022 on all Estates compared to 2021 with Kiko, Bugambe and Mwenge having an increase of above 200mm compared to 2021. With 2022 rains above 2021 on all Estates Only Mwenge had a corresponding increase in own crop, the other Estates did not benefit from the increase in rainfall in 2022 compared to 2021. Apart from Mwenge, other Estates had a drop in the yields in 2022 compared to 2021.

2022 experienced delays in transportation of teas to the Auction. Imports were low and the trucks that are used to transport our tea are always on return journeys, so with less imports, we experienced delays in transporting our product to the market.

Fuel prices were also high and transporters were stressed, so they were having challenges in delivering services. This created backlog in the Factories hence creating delays or no stock in the Market.

Auction Tea prices were better in 2022 compared to 2021. It is our hope that 2023 be better than 2022 though it is yet too early to predict the market trend.

In 2022, Covid- 19 cases subsided to Zero level, so there was no major Covid - 19 effect though Ebola cropped up and areas along our major route transporting Mwenge and Kiko teas experience some lock down but with less effect to transportation.

MCLEOD RUSSEL AFRICA LIMITED (MRAL)

Profit / Loss:

MRAL is a fully owned subsidiary of Borelli Tea Holdings Limited. It prepares its accounts calendar year wise. During the year 2022, The Company's total comprehensive Profit is USD 56,513 as against total comprehensive loss of USD 18,902 in year 2021.

Purchase, Sales, Gross profit and Closing Stock:

During the year 2022, MRAL purchased 1.77 million kg of tea (2021 - 1.35 million kg). During the year 2022, MRAL sold 1.65 million kg tea (2021 - 1.43 million kg). Gross profit for the year 2022 was 8.7% (2021 - 7.6%). Closing Stock of tea as at 31.12.2022 was 207,992 kg (31.12.2021 - 86,582 kg).

Outlook:

The year 2022 had mixed fortunes for MRAL. MRAL maintained its key markets as Egypt, Pakistan, Saudi Arabia, Ukraine, Russia, UAE, and Kazakhstan. Strong bid was made for penetration into Spain, Yemen and Iran, with some success in the former two. The client base widened with MRAL increasing the number of clients in 2022, in destinations like Egypt and Saudi Arabia.

During the year, in addition to it's own businesses, MRAL also developed tailor made blends comprising 100% MRUL teas. As a result, demand on MRUL teas increased both at the Auctions as well as Privately. MRAL continued to monitor MRUL's quality and Auction sales at Mombasa through the Brokers with regular feedback to MRUL on quality and market requirements which has brought more focus in the operations. In addition, regular reviews were held with the Brokers to point out any shortcomings in their positioning and sales of MRUL's teas to ensure optimum value for the teas offered for sale through them.

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2023

The war in Ukraine/ Russia threatened operations of MRAL business in these two destinations which are key to MRAL. A critical decision was made for MRAL to divert port of destination for Ukraine shipments to Poland but to continue supplies, as opposed to many others who stopped trading with Ukraine clients. This resulted in repeat orders from the customer and with no default in payment.

FOREX challenges experienced in the key destinations of Pakistan and Egypt, impacted business the most, as the year came to a close, with both destinations lacking adequate dollars for trading. This resulted in payment delays by some of our clients in both destinations. Locally in Kenya, the shilling also weakened by 20% compared to the USD. This was unprecedented and resulted in a substantial exchange loss in MRAL's books of accounts at the end of the year and has turned an otherwise profitable business year into a neutral one.

In order to circumvent this issue, after consultations with the Auditors it is suggested to convert MRAL's books of accounts from 2023 onwards from KSH to USD as the domiciled currency, with the Kenya Shilling as the foreign currency, as almost all of MRAL's business activity transactions are in USD, aside from local payments, which are in Kenyan Shillings. MRAL's Statutory Returns filings may be made after conversion into Kenya shilling at the prevailing rate during filing of returns. This will help greatly to mitigate the exchange losses from the free fall of the Kenya Shilling to the USD which is expected to continue in the near future. Discussions are on with the Auditors on this and their final opinion is awaited to take this forward.

2023 has begun on a high note in terms of business and profitability for MRAL even as need to overcome the huge exchange losses monthly remains. Payment from Egypt continues to remain a challenge as Egyptian banks are unable to transfer USD due to lack of forex available in the country. As this is one of the key pillars of MRAL's business, MRAL is in discussion for possible routing of the documentation and payments through the UAE through an appointed Agent who shall facilitate the routing. Once this payment route is established, MRAL may also explore the possibility of a similar route to commence trading with Iran, in compliance with the existing international sanctions. Trading margins with Pakistan have also been adjusted for 2023 to ensure continued profitability for this business vertical to cover for the increased trading costs.

To mitigate the increasing interest rate due to the debt from the holding company, MRAL plans to start repaying the principal loan with the generated profits quarterly. The Borelli loan interest continues to be a heavy burden to MRAL. MRAL is also exploring the possibility of employing a qualified Accountant who can issue qualitative statements on its financial performance at regular intervals and post shipment costing for purposes of review. This is likely to work out much cheaper compared to the current service provider for this, M/s PKF, whose books often come late and also can't be used in individual contract analysis.

For 2023, MRAL intends to intensify its marketing activities due to the competitiveness of the trading environment. Efficient service delivery and personal relations with the clients has proven to be important ingredients in acquiring and retaining clients. To this regard, MRAL has planned visits to key and emerging destinations to scout for and secure new business. One of the main constraints to growing MRAL's trading business is the lack of adequate finances available to invest for trading. To this end, MRAL is in advanced negotiations with a local bank to secure financing for it's trading which will enable trading in larger numbers to ensure the long term sustainability of the operations.

MCLEOD RUSSEL MIDDLE EAST (MRME)

Profit / Loss:

MRME is a fully owned subsidiary of Borelli Tea Holdings Limited. It prepares its accounts calendar

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2023

year wise. During the year 2022, The Company's total comprehensive Income is USD 44,735 as against total comprehensive loss of USD 172,912 in year 2021.

Purchase, Sales, Gross profit and Closing Stock:

During the year 2022, MRME purchased 861,149 kg of tea (2021 - 642,466 kg). During the year 2022, MRME sold 856,771 kg tea (2020 - 750,726 kg). Gross profit for the year 2022 was 10.55% (2021 - 14.37%). Closing Stock of tea as at 31.12.2022 was 89,578 kg (31.12.2021 - 84,680 kg).

Outlook:

In 2022, Business was steadily developed with the main local customer as well as the large CIS customer. Both customers have expressed satisfaction on their deliveries and assured of repeat and increased business in the coming year. In addition, the smaller local customers were also developed and with volumes increasing to a significant level during the year, and now constitute the third main vertical for MRME's sales. Efforts are on to explore further avenues of business in the surrounding region. This is somewhat hampered due to the lack of additional manpower and finances available for MRME's trading activities.

2023 is expected to bring further growth in MRME's business and profitability. Higher sales volumes are expected from all the three main sales verticals. MRME is also working on securing local financing for their trading activities to take on larger volumes and grow the business to a higher level. Once additional financing for trading is secured and the business grows to a higher level with long term sustainability through the current sales verticals, MRME will be able to take on an additional resource in terms of manpower to man the office, to handle the back end logistics etc., which will allow the current Business Manager more flexibility to travel, explore new customers and take on additional business.

BORELLI TEA HOLDINGS RESULTS AND DIVIDENDS

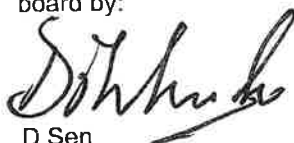
The profit (loss) for the year, after taxation, amounted to (£17,464,728) (2022 - (£812,243)).

The directors paid a dividend of £Nil (2022 - £Nil) during the year.

FUTURE OUTLOOK

The company's future outlook in respects of external commercial environment is expected to remain competitive but stable in coming years.

This report was approved by the board of directors on 25/05/2023 and signed on behalf of the board by:



D Sen
Director

Registered office:
Woodlands
79 High Street
Greenhithe
Kent
DA9 9RD

Borelli Tea Holdings Limited

Directors' Report *(continued)*

Year ended 31 March 2023

The directors present their report and the financial statements of the company for the year ended 31 March 2023.

Directors

The directors who served the company during the year were as follows:

D Sen
A Khaitan
S Knight
B J Ruck
P Bhar

Dividends

The directors do not recommend payment of dividend during the year.

Going concern

The company is a member of a large group which has considerable financial resources and is fully supported by its parent company. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

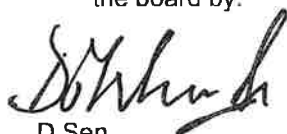
The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 25/05/2023 and signed on behalf of the board by:



D Sen
Director

Registered office:
Woodlands
79 High Street
Greenhithe
Kent
DA9 9RD

Borelli Tea Holdings Limited
Directors' Responsibilities Statement
Year ended 31 March 2023

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Borelli Tea Holdings Limited

Independent Auditor's Report to the Member of Borelli Tea Holdings Limited

Year ended 31 March 2023

Opinion

We have audited the financial statements of Borelli Tea Holdings Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Borelli Tea Holdings Limited

Independent Auditor's Report to the Member of Borelli Tea Holdings Limited (continued)

Year ended 31 March 2023

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

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

Matters on which we are required to report by exception

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

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

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

Borelli Tea Holdings Limited

Independent Auditor's Report to the Member of Borelli Tea Holdings Limited (continued)

Year ended 31 March 2023

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur; by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.

To address the risk of fraud through management bias and override of controls, we:

Borelli Tea Holdings Limited

Independent Auditor's Report to the Member of Borelli Tea Holdings Limited (continued)

Year ended 31 March 2023

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative or potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment; and
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
 - Conclude on the appropriateness of the directors' use of the going concern basis of accounting
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Borelli Tea Holdings Limited

Independent Auditor's Report to the Member of Borelli Tea Holdings Limited (continued)

Year ended 31 March 2023

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Vivek Kapoor (Senior Statutory Auditor)

25/05/2023

For and on behalf of
Ferguson Maidment & Co.
Chartered accountants & statutory auditor
167 Fleet Street
London
EC4A 2EA

Borelli Tea Holdings Limited
Statement of Income and Retained Earnings
Year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	1,078,733	874,776
Gross profit		1,078,733	874,776
Administrative expenses		(818,552)	(1,454,330)
Other operating income	5	29,852	84,054
Operating profit/(loss)	6	290,033	(495,500)
Other interest receivable and similar income	8	58,228	22,689
Provision for diminution in value of Investments	9	(17,158,826)	-
Interest payable and similar expenses	10	(479,141)	(477,327)
Loss before taxation		(17,289,706)	(950,138)
Tax on loss	11	(175,022)	137,895
Loss for the financial year and total comprehensive income		(17,464,728)	(812,243)
Retained earnings at the start of the year		12,752,259	13,564,502
Retained (losses)/earnings at the end of the year		(4,712,469)	12,752,259

All the activities of the company are from continuing operations.

The notes on pages 17 to 28 form part of these financial statements.

Borelli Tea Holdings Limited

Statement of Financial Position

31 March 2023

	Note	2023		2022	
		£	£	£	£
Fixed assets					
Intangible assets	12		174,640		232,858
Tangible assets	13		220,621		220,621
Investments	14		8,845,679		26,004,505
			<u>9,240,940</u>		<u>26,457,984</u>
Current assets					
Debtors: due within one year	15	226,313		194,518	
Debtors: due after more than one year	15	1,206,138		1,141,688	
Investments	16	1		1	
Cash at bank and in hand		69,023		244,969	
		<u>1,501,475</u>		<u>1,581,176</u>	
Creditors: amounts falling due within one year	17	<u>2,700,643</u>		<u>2,125,640</u>	
Net current liabilities			<u>1,199,168</u>	<u>544,464</u>	
Total assets less current liabilities			<u>8,041,772</u>	<u>25,913,520</u>	
Creditors: amounts falling due after more than one year	18		<u>6,033,716</u>	<u>6,440,736</u>	
Net assets			<u>2,008,056</u>	<u>19,472,784</u>	
Capital and reserves					
Called up share capital	20		252,000		252,000
Share premium account	21		6,214,076		6,214,076
Capital redemption reserve	21		110,000		110,000
Other reserves, including the fair value reserve	21		144,449		144,449
Profit and loss account	21		(4,712,469)		12,752,259
Shareholders' funds			<u>2,008,056</u>		<u>19,472,784</u>

These financial statements were approved by the board of directors and authorised for issue on 25/05/2023, and are signed on behalf of the board by:


P Bhar
Director



Company registration number: 01250122

The notes on pages 17 to 28 form part of these financial statements.

Borelli Tea Holdings Limited

Statement of Cash Flows

Year ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(17,464,728)	(812,243)
<i>Adjustments for:</i>		
Amortisation of intangible assets	58,218	58,217
Amounts written off investments	17,158,826	-
Other interest receivable and similar income	(58,228)	(22,689)
Interest payable and similar expenses	479,141	477,327
Tax on loss	175,022	(137,895)
Accrued expenses/(income)	22,500	(21,692)
<i>Changes in:</i>		
Trade and other debtors	(96,245)	6,026,839
Trade and other creditors	552,503	545,508
Cash generated from operations	827,009	6,113,372
Interest paid	(479,141)	(477,327)
Interest received	58,228	22,689
Tax (paid)/received	(175,022)	137,895
Net cash from operating activities	231,074	5,796,629
Cash flows from investing activities		
Purchases of other investments	-	(5,293,622)
Net cash used in investing activities	-	(5,293,622)
Cash flows from financing activities		
Proceeds from loans from group undertakings	(407,020)	(668,194)
Net cash used in financing activities	(407,020)	(668,194)
Net decrease in cash and cash equivalents	(175,946)	(165,187)
Cash and cash equivalents at beginning of year	244,969	410,156
Cash and cash equivalents at end of year	69,023	244,969

The notes on pages 17 to 28 form part of these financial statements.

Borelli Tea Holdings Limited

Notes to the Financial Statements

Year ended 31 March 2023

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Woodlands, 79 High Street, Greenhithe, Kent, DA9 9RD.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The directors have identified the following critical accounting policies for which significant judgement, estimates and assumptions are made. Actual results may differ from these estimates.

(a) Useful economic lives of intangible assets

The annual amortisation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Derivative instruments

The Company uses derivative financial instruments such as forward exchange contracts, currency swaps etc. to hedge its risk associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts with underlying transactions the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

Other derivatives contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation or maturity of derivative instruments are recognized as income or expense for the period.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Trademarks and patents - between 5 and 20 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value unless otherwise stated with changes in fair value being recognised in profit or loss.

Investment property

Investment property is initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

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

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

Basic Financial assets

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

Basic Financial liabilities

Basic financial liabilities which include creditors are initially recognised at transaction price and are subsequently carried at amortised cost using the effective interest rate method, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as receivable within one year are not amortised.

Borelli Tea Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2023

4. Turnover

Turnover arises from:

	2023	2022
	£	£
Royalties, management and license fees	<u>1,078,733</u>	<u>874,776</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2023	2022
	£	£
Rental income	29,852	25,115
Other operating income	—	58,939
	<u>29,852</u>	<u>84,054</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2023	2022
	£	£
Amortisation of intangible assets	58,218	58,217
Impairment of trade debtors	244,418	975,703
Foreign exchange differences	<u>410,651</u>	<u>320,363</u>

7. Auditor's remuneration

	2023	2022
	£	£
Fees payable for the audit of the financial statements	<u>5,000</u>	<u>5,000</u>
Fees payable to the company's auditor and its associates for other services:		
Other non-audit services	<u>40,000</u>	<u>34,000</u>

8. Other interest receivable and similar income

	2023	2022
	£	£
Interest on loans and receivables	<u>58,228</u>	<u>22,689</u>

9. Provision for diminution in value of Investments

	2023	2022
	£	£
Provision for diminution in value of Investment in a subsidiary	<u>17,158,826</u>	<u>—</u>

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

10. Interest payable and similar expenses

	2023 £	2022 £
Other interest payable and similar charges	<u>(479,141)</u>	<u>(477,327)</u>

11. Tax on loss

Major components of tax expense/(income)

	2023 £	2022 £
Current tax:		
Tax suffered on royalty, management and rental income	166,288	(3,442)
Tax suffered on dividend and interest received	8,734	(134,453)
Total current tax	<u>175,022</u>	<u>(137,895)</u>
Tax on loss	<u>175,022</u>	<u>(137,895)</u>

Reconciliation of tax expense/(income)

The tax assessed on the loss on ordinary activities for the year is higher than (2022: higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%).

	2023 £	2022 £
Loss on ordinary activities before taxation	<u>(17,289,706)</u>	<u>(950,138)</u>
Loss on ordinary activities by rate of tax	<u>(3,285,044)</u>	(1,700,526)
Utilisation of tax losses	3,285,044	1,700,526
Tax suffered on royalty, management and rental income	166,288	(3,442)
Tax suffered on dividend and interest received	8,734	(134,453)
Tax on loss	<u>175,022</u>	<u>(137,895)</u>

Borelli Tea Holdings Limited
Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

12. Intangible assets	Patents, trademarks and licences £
Cost	
At 1 April 2022 and 31 March 2023	<u>1,164,350</u>
Amortisation	
At 1 April 2022	931,492
Charge for the year	<u>58,218</u>
At 31 March 2023	<u>989,710</u>
Carrying amount	
At 31 March 2023	<u>174,640</u>
At 31 March 2022	<u>232,858</u>

13. Tangible assets	Investment property £
At 1 April 2022 and 31 March 2023	<u>220,621</u>
Depreciation	
At 1 April 2022 and 31 March 2023	<u>—</u>
Carrying amount	
At 31 March 2023	<u>220,621</u>
At 31 March 2022	<u>220,621</u>

The directors are of the opinion that market value of the property, including the associated fixture and fittings, is not materially different from its valuation stated above.

14. Investments	Investments in subsidiaries £
Cost	
At 1 April 2022 and 31 March 2023	<u>26,004,505</u>
Impairment	
At 1 April 2022	—
Other movements	<u>17,158,826</u>
At 31 March 2023	<u>17,158,826</u>

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

14. Investments *(continued)*

Carrying amount

At 31 March 2023

8,845,679

At 31 March 2022

26,004,505

Investments in Subsidiary Undertakings

Investments in subsidiaries are stated at cost. Valuing individual subsidiary investments is difficult without incurring substantial costs however the directors are of the opinion that these investments would overall show a substantial surplus on realisation or valuation as compared to the book value.

Investments in subsidiaries relate to the following investments:

PHU BEN TEA COMPANY LIMITED (PBT)

The company owns 100% of the issued share capital of Phu Ben Tea Company Limited, a company incorporated in Vietnam. Phu Ben Tea Company Limited was purchased in March 2009 at a cost of £1,542,163.

Aggregate capital and reserves

The latest available audited financial statements are for the year ended 31 December 2022. The company's net assets at the prevailing rate of exchange at 31 March 2023 were £1,727,373 (2021: £3,931,843).

Profit and (loss) for the year

The company made a loss of £2,347,630 in the year to 31 December 2021 at average exchange rates (2021: Loss - £1,635,770).

Borelli Tea Holdings Limited (BTHL) has pledged BTHL investment in its 100% subsidiary Phu Ben Tea Company Limited for its ultimate parent company MRIL so that MRIL can avail a short term loan of INR 4,000,000,000 (Four Billion Indian Rupees Only) and Term Loan of INR 500,000,000 (Five Hundred Million Only) from Yes Bank, having its registered office in Mumbai, India. This has been registered as a charged by the lender against BTHL on 7th January 2021 with Companies House.

MCLEOD RUSSEL UGANDA LIMITED

The company owns 100% of the issued share capital of McLeod Russel (Uganda) Limited. The Company was incorporated in Uganda and was purchased in January 2010 with effect from 31 December 2009.

Aggregate capital and reserves

The latest available audited financial statements are for the year ended 31 December 2022. The Company's net assets at the prevailing rate of exchange at 31 March 2023 were £17,101,071 (2022: £12,852,691).

Profit and (loss) for the year

The Company made a profit of £1,448,654 in the year to 31 December 2022 at average exchange rates (2021: Loss of £502,940).

MCLEOD RUSSEL MIDDLE EAST - DMCC

The company owns 100% of the issued share capital of McLeod Russel Middle East DMCC. The company is incorporated in Dubai (United Arab Emirates).

Aggregate capital and reserves

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

14. Investments *(continued)*

The latest available audited financial statements are for the period ended 31 December 2022. The company's net assets at the prevailing rate of exchange at 31 March 2023 were £85,940 (2022: £47,199).

Profit and (loss) for the year

Mcleod Russel Middle East DMCC made a profit of £36,077 in the period to 31 December 2022 at average exchange rates (2021: Loss of £125,299).

MCLEOD RUSSEL AFRICA LIMITED

The company owns 100% of the issued share capital of Mcleod Russel Africa Limited. The company is incorporated in Kenya.

Aggregate capital and reserves

The latest available audited financial statements are for the period ended 31 December 2022. The company's net liabilities at the prevailing rate of exchange at 31 March 2023 were £240,578 (2022: £306,164).

Profit and (loss) for the year

Mcleod Russel Africa Limited made a profit of £47,939 in the period to 31 December 2022 at average exchange rates (2021: Loss of £14,257).

15. Debtors

Debtors falling due within one year are as follows:

	2023	2022
	£	£
Prepayments and accrued income	226,236	194,441
Other debtors	77	77
	<u>226,313</u>	<u>194,518</u>

Debtors falling due after one year are as follows:

	2023	2022
	£	£
Amounts owed by group undertakings	<u>1,206,138</u>	<u>1,141,688</u>

16. Investments

	2023	2022
	£	£
Other investments	828,598	828,598
Provision for diminution in value of investment	<u>(828,597)</u>	<u>(828,597)</u>
	<u>1</u>	<u>1</u>

These investments are unlisted shares stated at the lower of cost and net realisable value. The directors are of the opinion that the value of these investments is not less than the amount at which they are stated in these financial statements.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

17. Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals and deferred income	22,500	–
Other creditors	2,678,143	2,125,640
	<u>2,700,643</u>	<u>2,125,640</u>

18. Creditors: amounts falling due after more than one year

	2023 £	2022 £
Amounts owed to group undertakings	6,033,716	6,440,736

19. Financial instruments

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost

	2023 £	2022 £
Other debtors	77	77
Amounts owed by group undertakings	1,206,138	1,141,688
	<u>1,206,215</u>	<u>1,141,765</u>

Financial liabilities measured at amortised cost

	2023 £	2022 £
Other creditors	2,678,143	2,125,640
Amounts owed to group undertakings	6,033,716	6,440,736
	<u>8,711,859</u>	<u>8,566,376</u>

20. Called up share capital

Authorised share capital

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Issued, called up and fully paid

	2023		2022	
	No.	£	No.	£
Ordinary shares of £1 each	<u>252,000</u>	<u>252,000</u>	<u>252,000</u>	<u>252,000</u>

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2023

20. Called up share capital *(continued)*

As at the year end, the shares of BTHL held by MRIL have been pledged as a security for bank facilities availed by MRIL.

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

22. Analysis of changes in net debt

	At 1 Apr 2022	Cash flows	At 31 Mar 2023
	£	£	£
Cash at bank and in hand	244,969	(175,946)	69,023
Debt due after one year	(6,440,736)	407,020	(6,033,716)
Current asset investments	1	-	1
	<u>(6,195,766)</u>	<u>231,074</u>	<u>(5,964,692)</u>

Borelli Tea Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2023

23. Related party transactions

Transactions with group companies are as follows:

	2023 £	2022 £
<u>McLeod Russel Uganda Limited</u>		
Loan and Interest balance payable	8,190,645	8,140,991
Interest expense	383,313	381,862
License fee	916,921	743,560
	2023 £	2022 £
<u>McLeod Russel Middle East DMCC</u>		
Loan and interest balance receivable	176,742	194,441
	2023 £	2022 £
<u>McLeod Russel Africa Limited</u>		
Loan balance receivable	1,255,632	1,141,688
Interest income	49,494	19,285

Other related party transactions

The company paid management fees of £60,000 (2022: £60,000) to Trans Global Freight Management Limited, a UK registered company, which has directors in common with Borelli Tea Holdings Limited.

24. Ultimate parent company

The company's immediate and ultimate parent undertaking is McLeod Russel India Limited, a company registered in India.

The ultimate parent undertaking and the smallest and the largest group to consolidate these financial statements is McLeod Russel India Limited. Copies of the consolidated financial statements can be obtained from the Company Secretary and Compliance Officer - Four Mangoe Lane Surendra Mohan Ghosh Sarani Kolkata India - 700001 or <http://www.mcleodrussel.com/investors/annual-reports.aspx>.

Borelli Tea Holdings Limited

Management Information

Year ended 31 March 2023

The following pages do not form part of the financial statements.

Borelli Tea Holdings Limited

Detailed Income Statement

Year ended 31 March 2023

	2023 £	2022 £
Turnover	1,078,733	874,776
Gross profit	1,078,733	874,776
Overheads		
Administrative expenses	818,552	1,454,330
Other operating income	29,852	84,054
Operating profit/(loss)	290,033	(495,500)
Other interest receivable and similar income	58,228	22,689
Provision for diminution in value of Investments	(17,158,826)	-
Interest payable and similar expenses	(479,141)	(477,327)
Loss before taxation	(17,289,706)	(950,138)

Borelli Tea Holdings Limited
Notes to the Detailed Income Statement
Year ended 31 March 2023

	2023 £	2022 £
Administrative expenses		
Travel and subsistence	–	16
Telephone	358	376
Management charges	60,000	60,000
Printing postage and stationery	–	234
General expenses	28	180
Legal and professional fees	39,623	33,950
Auditor's remuneration	5,000	5,000
Amortisation of patent and licences	58,218	58,217
Bad debts written off	244,418	975,703
Bank charges	256	291
Foreign currency losses/(gains)	410,651	320,363
	<u>818,552</u>	<u>1,454,330</u>
Other operating income		
Operating lease rental income	29,852	25,115
Other operating income	–	58,939
	<u>29,852</u>	<u>84,054</u>
Other interest receivable and similar income		
Interest on loans and receivables	58,228	22,689
Provision for diminution in value of Investments		
Provision for diminution in value of Investments in a subsidiary	17,158,826	–
Interest payable and similar expenses		
Interest payable on intercompany loans	479,141	477,327