

COMPANY REGISTRATION NUMBER: 01250122

Borelli Tea Holdings Limited
Financial Statements
31 March 2024

FERGUSON MAIDMENT & CO.

Chartered accountants & statutory auditor
167 Fleet Street
London
EC4A 2EA

Borelli Tea Holdings Limited

Financial Statements

Year ended 31 March 2024

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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 2024

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:

	2024	2023
	£	£
Turnover	372,005	1,078,733
Operating profit	320,438	290,033
Post tax loss	(70,136)	(17,464,728)
Shareholder's fund	1,937,920	2,008,056

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 its subsidiaries during the year were as follows:

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 2023, the Company's total comprehensive Loss was USD 3,378 million as against total comprehensive Income of USD 1.766 million in year 2022. During the year, the company was able to maintain its creditability with bank by paying back their dues but few of the other creditors were not paid their dues. For the year, Depreciation was USD 1.331 Million and Finance-cost was USD 1.793 Million; EBIDTA was negative by USD 1.779 million.

Manufacture, Sales, Selling-Price and Closing Stock:

During the year 2023, MRUL manufactured 19.436 million kg of tea (2022 - 19.655 million kg). During the year 2023, MRUL sold 19.851 million kg tea (2022 - 20.236 million kg). Average selling price per kg during 2023 was USD 0.95 (2022 -USD 1.31). Closing Stock of tea as at 31.12.2023 was 2.73 Million kg (31.12.2022 - 3.18 million kg).

Outlook:

In the year 2023, despite an increase in production in estates for the year 2023 compared to 2022, there was a decline in bought-leaf production by 17.2%. The year saw more rainfall across all estates than the year 2022. With 2023 rainfall above the one of 2022, all estates experienced a corresponding increase in their crop, with an overall average yield of 3,261 kg Made Tea per Hectare in 2023 compared to the average yield of 2,904 in 2022.

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2024

In 2023, we had a few challenges with transportation of goods until middle of the year. We were then disrupted by the breakdown of Kafu bridge that affected Bugambe, Kisaru and Muzizi loading resulting to delays in dispatches and affecting the allocation of teas.

Auction tea prices were very low compared to 2022 and this has affected all operations on the estates. The low prices were due to non-availability of USD in tea buying nations such as Egypt, Pakistan, Sudan etc., This has resulted into poor performance and we are operating at a loss all through.

FSMS (ISO 22000:2018) Certificate was renewed following a successful audit in August 2023 and is valid until 30th August 2026. Rainforest Alliance Group certificate was renewed to 20th June 2026 following an audit in September 2023. However Annual surveillance audits are expected every August. UNBS Permits were renewed for one year and are valid until October 2024. Aerodromes were inspected in October 2023 and licences issued with validity until November 2025.

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 2023, The Company's total comprehensive income is USD 109,335 as against total comprehensive income of USD 56,342 in year 2022.

Purchase, Sales, Gross profit and Closing Stock:

During the year 2023, MRAL purchased 3.64 million kg of tea (2022 - 1.77 million kg). During the year 2023, MRAL sold 3.62 million kg tea (2022 - 1.65 million kg). Gross profit for the year 2023 was 10.9% (2022 - 8.7%). Closing Stock of tea as at 31.12.2023 was 229,114 kg (31.12.2022 - 207,992 kg).

Outlook:

The Economic challenges and inflationary tendencies persisted in our key markets during the year 2023. This was exacerbated by a severe shortage of FOREX in Egypt and Pakistan. Despite the challenges, MRAL performed better than the previous year, in the face of limited cash flows and strong competition from other traders offering credit facilities. During the year, MRAL was forced to limit trading with Pakistan traders as their ability to pay continued to shrink.

Ukraine and Poland customers offered very good support with large increases in orders for both CTC and Orthodox teas. Trade with Egypt also improved as MRAL increased the number of clients to the destination. However, competition to the destination remains fierce as other traders offer credit facilities. Saudi Arabia clients also made repeat orders at competitive rates. The year also saw MRAL moving good volumes to Afghanistan on blend basis. Two additional clients were secured with meaningful business. However, this may not continue, as one of our clients in Afghanistan is now insisting on credit, which MRAL is unable to provide. Other destinations that also did meaningful business with MRAL included Kazakhstan, UAE, Spain and USA, with very valuable orders with good margins.

In the local economic environment, MRAL faced several challenges, including a sharply devalued Kenyan Shilling, which resulted in an increased in FOREX losses for the period, Price fluctuations at the Mombasa auction also impacted MRAL as MRAL was largely unable to effectively spread their buying to take advantage of lower prices in the market whenever the opportunity arose, to meet the increased orders with limited cashflows.

Looking ahead, with a customer focused approach by all the team members, a sound marketing mechanism and efficient service delivery, MRAL remains optimistic of maintaining the business tempo already established. Plans are in process to develop new markets such as China and to grow the business with existing customers in Europe.

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2024

MCLEOD RUSSEL MIDDLE EAST (MRME)

Profit / Loss:

MRME is a fully owned subsidiary of Borelli Tea Holdings Limited. It prepares its accounts calendar year wise. During the year 2023, The Company's total comprehensive Income is USD 97,593 as against total comprehensive Income of USD 44,735 in year 2022.

Purchase, Sales, Gross profit and Closing Stock:

During the year 2023, MRME purchased 673,530 kg of tea (2022 - 861,149 kg). During the year 2023, MRME sold 644,270 kg tea (2022 - 856,771 kg). Gross profit for the year 2023 was 19.81% (2022 - 10.55%). Closing Stock of tea as at 31.12.2023 was 119,377 kg (31.12.2022 - 89,578 kg).

Outlook:

Business progressed steadily in 2023 with the main local customer. In addition, smaller local customers were also developed and with volumes increasing to a significant level during the year. All customers have expressed satisfaction on their deliveries and assured of repeat and increased business in the coming year. MRME also started shipments to IRAN market through a local customer. Although efforts were made to revive orders from the large CIS customer, the business remained elusive due to a slowdown in their sales during the year. Growth of the business continued to be hampered by the lack of finances available for MRME's trading activities.

2024 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 has signed an annual contract for 1.196 Million Kgs with two customers for the UAE local market, MRME has also started moving shipments to CIS countries and we expect to have an annual contract for this sector in 2024. Growth is also expected in the Iran business with repeat orders after last year's trial shipment. MRME continues to work on on securing local financing for their trading activities to take on larger volumes. 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 (£70,136) (2023 - (£17,464,728)).

The directors paid a dividend of £Nil (2023 - £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.

Borelli Tea Holdings Limited

Strategic Report *(continued)*

Year ended 31 March 2024

This report was approved by the board of directors on 29th May 2024 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 2024

The directors present their report and the financial statements of the company for the year ended 31 March 2024.

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 29th May 2024 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 2024

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 2024

Opinion

We have audited the financial statements of Borelli Tea Holdings Limited (the 'company') for the year ended 31 March 2024 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 2024 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 2024

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 2024

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.

Borelli Tea Holdings Limited

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

Year ended 31 March 2024

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:

- 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

Borelli Tea Holdings Limited

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

Year ended 31 March 2024

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 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.

Borelli Tea Holdings Limited

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

Year ended 31 March 2024

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.



Muhammad Saeed (Senior Statutory Auditor)

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

29th May 2024

Borelli Tea Holdings Limited
Statement of Income and Retained Earnings
Year ended 31 March 2024

	Note	2024 £	2023 £
Turnover	4	372,005	1,078,733
Gross profit		372,005	1,078,733
Administrative expenses		(78,929)	(818,552)
Other operating income	5	27,362	29,852
Operating profit	6	320,438	290,033
Other interest receivable and similar income	8	83,479	58,228
Provision for diminution in value of Investments	9	–	(17,158,826)
Interest payable and similar expenses	10	(401,626)	(479,141)
Profit/(loss) before taxation		2,291	(17,289,706)
Tax on (loss)	11	(72,427)	(175,022)
Loss for the financial year and total comprehensive income		(70,136)	(17,464,728)
Retained (losses)/earnings at the start of the year		(4,712,469)	12,752,259
Retained losses at the end of the year		(4,782,605)	(4,712,469)

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 2024

	Note	2024 £	2023 £
Fixed assets			
Intangible assets	12	116,423	174,640
Tangible assets	13	220,621	220,621
Investments	14	8,845,679	8,845,679
		<u>9,182,723</u>	<u>9,240,940</u>
Current assets			
Debtors: due within one year	15	222,311	226,313
Debtors: due after more than one year	15	1,071,428	1,206,138
Investments	16	1	1
Cash at bank and in hand		63,549	69,023
		<u>1,357,289</u>	<u>1,501,475</u>
Creditors: amounts falling due within one year	17	<u>3,054,095</u>	<u>2,700,643</u>
Net current liabilities		<u>1,696,806</u>	<u>1,199,168</u>
Total assets less current liabilities		<u>7,485,917</u>	<u>8,041,772</u>
Creditors: amounts falling due after more than one year	18	<u>5,547,997</u>	<u>6,033,716</u>
Net assets		<u>1,937,920</u>	<u>2,008,056</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	(4,782,605)	(4,712,469)
Shareholders' funds		<u>1,937,920</u>	<u>2,008,056</u>

These financial statements were approved by the board of directors and authorised for issue on 29th May 2024, 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 2024

	2024 £	2023 £
Cash flows from operating activities		
Loss for the financial year	(70,136)	(17,464,728)
<i>Adjustments for:</i>		
Amortisation of intangible assets	58,217	58,218
Provision for diminution in value of Investments	—	17,158,826
Other interest receivable and similar income	(83,479)	(58,228)
Interest payable and similar expenses	401,626	479,141
Gains on disposal of shares in group undertakings	(1,773,103)	—
Tax on (loss)	72,427	175,022
Accrued (income)/expenses	(11,250)	22,500
<i>Changes in:</i>		
Trade and other debtors	138,712	(96,245)
Trade and other creditors	364,702	552,503
Cash generated from operations	<u>(902,284)</u>	827,009
Interest paid	(401,626)	(479,141)
Interest received	83,479	58,228
Tax paid	(72,427)	(175,022)
Net cash (used in)/from operating activities	<u>(1,292,858)</u>	<u>231,074</u>
Cash flows from investing activities		
Gains on disposal of shares in group undertakings	1,773,103	—
Net cash from investing activities	<u>1,773,103</u>	<u>—</u>
Cash flows from financing activities		
Proceeds from loans from group undertakings	(485,719)	(407,020)
Net cash used in financing activities	<u>(485,719)</u>	<u>(407,020)</u>
Net decrease in cash and cash equivalents	(5,474)	(175,946)
Cash and cash equivalents at beginning of year	69,023	244,969
Cash and cash equivalents at end of year	<u>63,549</u>	<u>69,023</u>

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 2024

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 2024

3. Accounting policies *(continued)*

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.

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.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

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.

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.

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

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.

4. Turnover

Turnover arises from:

	2024	2023
	£	£
Royalties, management and license fees	<u>372,005</u>	<u>1,078,733</u>

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

Borelli Tea Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2024

5. Other operating income		
	2024	2023
	£	£
Rental income	<u>27,362</u>	<u>29,852</u>
6. Operating profit		
Operating profit or loss is stated after charging/crediting:		
	2024	2023
	£	£
Amortisation of intangible assets	58,217	58,218
Gains on disposal of shares in group undertakings	(1,773,103)	–
Provision for doubtful debts	1,773,103	244,418
Foreign exchange differences	<u>(114,668)</u>	<u>410,651</u>
7. Auditor's remuneration		
	2024	2023
	£	£
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>40,000</u>
8. Other interest receivable and similar income		
	2024	2023
	£	£
Interest on loans and receivables	<u>83,479</u>	<u>58,228</u>
9. Amounts written back to investments		
	2024	2023
	£	£
Provision for diminution in value of Investment in a subsidiary	<u>–</u>	<u>17,158,826</u>
10. Interest payable and similar expenses		
	2024	2023
	£	£
Other interest payable and similar charges	<u>(401,626)</u>	<u>(479,141)</u>

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

11. Tax on profit/(loss)

Major components of tax expense

	2024	2023
	£	£
Current tax:		
Tax suffered on royalty, management and rental income	59,905	166,288
Tax suffered on dividend and interest received	12,522	8,734
Total current tax	<u>72,427</u>	<u>175,022</u>
Tax on profit/(loss)	<u>72,427</u>	<u>175,022</u>

Reconciliation of tax expense

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than (2023: higher than) the standard rate of corporation tax in the UK of 19% (2023: 19%).

	2024	2023
	£	£
Profit/(loss) on ordinary activities before taxation	2,291	(17,289,706)
Profit/(loss) on ordinary activities by rate of tax	435	(3,285,044)
Utilisation of tax losses	(435)	3,285,044
Tax suffered on royalty, management and rental income	59,905	166,288
Tax suffered on dividend and interest received	12,522	8,734
Tax on profit/(loss)	<u>72,427</u>	<u>175,022</u>

12. Intangible assets

	Patents, trademarks and licences £
Cost	
At 1 April 2023 and 31 March 2024	<u>1,164,350</u>
Amortisation	
At 1 April 2023	989,710
Charge for the year	58,217
At 31 March 2024	<u>1,047,927</u>
Carrying amount	
At 31 March 2024	<u>116,423</u>
At 31 March 2023	<u>174,640</u>

Borelli Tea Holdings Limited
Notes to the Financial Statements *(continued)*
Year ended 31 March 2024

13. Tangible assets

	Investment property £
At 1 April 2023 and 31 March 2024	220,621
Depreciation	
At 1 April 2023 and 31 March 2024	—
Carrying amount	
At 31 March 2024	220,621
At 31 March 2023	220,621

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 2023	26,004,505
Disposals	(17,158,826)
At 31 March 2024	8,845,679
Impairment	
At 1 April 2023	17,158,826
Disposals	(17,158,826)
At 31 March 2024	—
Carrying amount	
At 31 March 2024	8,845,679
At 31 March 2023	8,845,679

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

14. Investments *(continued)*

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)

On 25 October 2023, Borelli entered into an agreement for sale of 100% shareholding in Phu Ben (subsidiary) to TLK Agriculture Joint Stock Company Ltd Vietnam for a sale-consideration of \$2,304,460 (equivalent £1,828,937). Borelli had already written off the said investment in earlier year. Therefore, the sale-consideration has been treated as 'Profit on sale of investment'. However, in view of uncertainty of realisation of the consideration (due to pledge as mentioned below) full provision has been made against the same.

Earlier Borelli Tea Holdings Limited (BTHL) had pledged BTHL investment in its 100% subsidiary Phu Ben Tea Company Limited for 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) sanctioned by Yes Bank, having its registered office in Mumbai, India to McLeod Russel India Ltd. This had been registered as a charged by the lender against BTHL on 7 January 2021 with Companies House in the UK.

As at 31 March 2024 although the beneficial interest is with the assignee of YES Bank, the shares of Phu Ben have already vested with TLK Agriculture Joint Stock Company Vietnam.

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 2023. The Company's net assets at the prevailing rate of exchange at 31 March 2024 were £13,694,746 (2023: £17,101,071).

Profit and (loss) for the year

The Company made a loss of £2,773,598 in the year to 31 December 2023 at average exchange rates (2022: Profit of £1,448,654).

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

The latest available audited financial statements are for the period ended 31 December 2023. The company's net assets at the prevailing rate of exchange at 31 March 2024 were £162,033 (2023: £85,940).

Profit and (loss) for the year

McLeod Russel Middle East DMCC made a profit of £78,704 in the period to 31 December 2023 at average exchange rates (2022: £36,077).

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

14. Investments *(continued)*

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 2023. The company's net liabilities at the prevailing rate of exchange at 31 March 2024 were £131,727 (2023: £240,578).

Profit and (loss) for the year

Mcleod Russel Africa Limited made a profit of £98,883 in the period to 31 December 2023 at average exchange rates (2022: £47,939).

15. Debtors

Debtors falling due within one year are as follows:

	2024	2023
	£	£
Prepayments and accrued income	221,319	226,236
Other debtors	992	77
	<u>222,311</u>	<u>226,313</u>

Debtors falling due after one year are as follows:

	2024	2023
	£	£
Amounts owed by group undertakings	<u>1,071,428</u>	<u>1,206,138</u>

16. Investments

	2024	2023
	£	£
Other investments	828,598	828,598
Provision for diminution in value of investment	(828,597)	(828,597)
	<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 2024

17. Creditors: amounts falling due within one year

	2024	2023
	£	£
Accruals and deferred income	11,250	22,500
Other creditors	<u>3,042,845</u>	<u>2,678,143</u>
	<u>3,054,095</u>	<u>2,700,643</u>

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

	2024	2023
	£	£
Amounts owed to group undertakings	<u>5,547,997</u>	<u>6,033,716</u>

19. Financial instruments

The company has the following financial instruments:

Financial assets that are debt instruments measured at amortised cost

	2024	2023
	£	£
Other debtors	992	77
Amounts owed by group undertakings	<u>1,071,428</u>	<u>1,206,138</u>
	<u>1,072,420</u>	<u>1,206,215</u>

Financial liabilities measured at amortised cost

	2024	2023
	£	£
Other creditors	<u>3,042,845</u>	<u>2,678,143</u>
Amounts owed to group undertakings	<u>5,547,997</u>	<u>6,033,716</u>
	<u>8,590,842</u>	<u>8,711,859</u>

20. Called up share capital

Authorised share capital

	2024		2023	
	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

	2024		2023	
	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 2024

20. Called up share capital *(continued)*

As at 31st March 2024 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 2023	Cash flows	At 31 Mar 2024
	£	£	£
Cash at bank and in hand	69,023	(5,474)	63,549
Debt due after one year	(6,033,716)	485,719	(5,547,997)
Current asset investments	1	-	1
	<u>(5,964,692)</u>	<u>480,245</u>	<u>(5,484,447)</u>

Borelli Tea Holdings Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2024

23. Related party transactions

Transactions with group companies are as follows:

	2024	2023
	£	£
<u>McLeod Russel Uganda Limited</u>		
Loan and Interest balance payable	7,989,302	8,190,645
Interest expense	321,301	383,313
License fee	316,204	916,921
	2024	2023
	£	£
<u>McLeod Russel Middle East DMCC</u>		
Loan and interest balance receivable	186,284	176,742
	2024	2023
	£	£
<u>McLeod Russel Africa Limited</u>		
Loan balance receivable	1,106,464	1,255,632
Interest income	70,957	49,494

Other related party transactions

The company paid management fees of £60,000 (2023: £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 2024

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

Borelli Tea Holdings Limited

Detailed Income Statement

Year ended 31 March 2024

	2024	2023
	£	£
Turnover	372,005	1,078,733
Gross profit	372,005	1,078,733
Overheads		
Administrative expenses	78,929	818,552
Other operating income	27,362	29,852
Operating profit	320,438	290,033
Other interest receivable and similar income	83,479	58,228
Amounts written back to investments	–	(17,158,826)
Interest payable and similar expenses	(401,626)	(479,141)
Profit/(loss) before taxation	2,291	(17,289,706)

Borelli Tea Holdings Limited
Notes to the Detailed Income Statement
Year ended 31 March 2024

	2024 £	2023 £
Administrative expenses		
Repairs and maintenance (allowable)	1,351	–
Telephone	246	358
Management charges	60,000	60,000
General expenses	28	28
Legal and professional fees	68,311	39,623
Auditor's remuneration	5,000	5,000
Amortisation of patent and licences	58,217	58,218
(Gain)/loss on disposal of shares in group undertakings	(1,773,103)	–
Bad debts written off	–	244,418
Provision for doubtful debts	1,773,103	–
Bank charges	444	256
Foreign currency losses/(gains)	(114,668)	410,651
	<u>78,929</u>	<u>818,552</u>
Other operating income		
Operating lease rental income	<u>27,362</u>	<u>29,852</u>
Other interest receivable and similar income		
Interest on loans and receivables	<u>83,479</u>	<u>58,228</u>
Amounts written back to investments		
Provision for impairment of investment in subsidiary	–	<u>17,158,826</u>
Interest payable and similar expenses		
Interest payable on intercompany loans	<u>401,626</u>	<u>479,141</u>