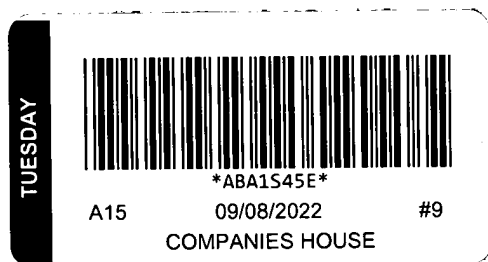


Keith Spicer Limited

Registered number: 00348565

Directors' report and financial statements

For the year ended 31 December 2021



KEITH SPICER LIMITED

COMPANY INFORMATION

Directors	A Shah K Shah M Roberts S Shah C Borooah C J Owen S J Knight
Registered number	00348565
Registered office	5 Cobham Road Ferndown Industrial Estate Wimborne Dorset BH21 7PN
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor Merck House Seldown Lane Poole Dorset BH15 1TW
Bankers	Wells Fargo Bank, N A One Plantation Place 30 Fenchurch Street London EC3M 3BD

KEITH SPICER LIMITED

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KEITH SPICER LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their report on Keith Spicer Limited for the year ended 31st December 2021.

Keith Spicer Limited is one of UK's prime blender and packer of tea under its Own Brands and Private Label. The company has a well invested production site in North Shields, near the port of Tyne where many of its raw material and blend components are imported. This site is BRC AA+ certified. Commercial, R&D and procurement office continues in Ferndown, Dorset from where commercial administration, sales and marketing are managed. The company blends and packs a full range of black, speciality and fruit & herb teas in a wide variety of formats.

Principal activities

The principal activity of the company continues to be that of tea importers, blenders, packers, and packaged tea exporter. The Directors do not envisage any change in the nature of this business for the foreseeable future.

We provide our customers with both own label and our branded teas. We are building our branded portfolio with Dorset Tea, Tea India, and Lancashire brands.

Business review and future developments

We are part of the Harris Freeman & Co in the US and Madhu Jayanti Ltd in India. The strength of our business comes from our wider group's extensive knowledge and experience in the global tea market and in packing of tea, fruits, and herbs. We also excel in beverage innovation through collaboration with our parent companies in different countries.

Our strategic focus continues to remain on cost efficiency, our brands and innovation. We continue to play a key role in the own label sector but apply strong discipline in our cost modeling and contracting processes ensuring that we only participate in sustainable contracts.

Our dedicated co-workers both operational and commercial, continue to work hard and, as ever, we are grateful for their ongoing commitment.

Our corporate social responsibility within the UK, and in countries where tea is grown, is embedded in our end-to-end processes. This extends to environmental stewardship and safe business practices. Sustainability projects are focused on eliminating waste, reducing energy usage and packaging material. We are increasing the use of biodegradable material and renewable energy sources. All of our brands are now sold in biodegradable tea bag paper, with an increasing number of our private label and contract pack customers requesting this option for their brands too. We are well placed to support this.

Our Harris Freeman Foundation is a non-profit organisation that provides philanthropic services or monetary donations to aid under-developed communities, victims of natural disasters, and supports other charity organization.

KEITH SPICER LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

Tea like other traded commodities is affected by market and currency fluctuations and we have well developed processes for managing and mitigating these risks where possible through hedging and forward contracts.

Changes in the Retail Landscape -

The UK grocery market in general remains competitive. Our operational efficiency and varied capabilities, product and customer focused strategy, commercial discipline, together with the group's scale help us to develop strategies to perform in this competitive landscape.

Product Safety Risks -

We pride ourselves in the quality, consistency, and safety of our products. Tea is generally a very safe product to consume and therefore of low risk.

Changes in Raw Material or Energy Costs -

Movements in our raw material costs or energy costs could impact our financial results. Tea like other traded commodities is affected by market and currency fluctuations.

Covid19 Pandemic Impact-

In 2020 the world was impacted by the Covid-19 pandemic and continued into 2021. This has adversely impacted some of our customers particularly those that have an extensive tourist customer base, and as a result our sales to them. We continue to work closely with all our customers to minimise the Covid-19 impact, proactively planning production and maintain lower costs to offset the sales shortfall. The safety of our coworkers has been the highest priority. We reorganised our factory to ensure that all our coworkers are protected. We communicate frequently with our teams, and through collaborative means we uphold utmost health and safety. We have also made appropriate use of all government support through this difficult time. The environment is now stabilising, and we feel confident that we are much better placed for normal times to return.

Impact of Brexit -

Directors assessed the risks of Brexit on our business and have concluded that it will have relatively low negative impact.

KEITH SPICER LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Financial key performance indicators

Our financial results are as shown below:

	2021	As restated 2020	Change
	£'000	£'000	%
Turnover	17,678	16,680	6
Gross profit	2,546	1,989	28
Operating profit/(loss)	63	(359)	-
EBITDA	610	168	263
Turnover/employee	146	126	16

The Company's defined salary scheme is in surplus by £1,243k (2020: £895k). Full disclosure of relevant information is included in note 26.

This report was approved by the board and signed on its behalf.


.....
S J Knight
Director

Date: 25th April 2022

KEITH SPICER LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the audited 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 to enable them to ensure that the audited 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.

Results and dividends

The loss for the year, after taxation, amounted to £405,532 (2020: loss of £546,472).

The directors do not recommend payment of a dividend in the current or prior year.

Directors

The directors who served during the year and to the date of this report were:

A Shah
K Shah
M Roberts
C Boroah
C J Owen (appointed 1 January 2021)
S J Knight (appointed 1 January 2021)
S Shah (appointed 1 February 2021)

KEITH SPICER LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors considered the business activities, together with the factors likely to affect its future development, performance and position; these are set out in the Strategic Report.

The business forecasts and projections, taking account of reasonably possible changes in trading performance and the potential impact of the COVID-19 coronavirus, show that the Company should be able to operate within the level of its current cash resources and continued support of the parent company.

As at the date of this report, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Qualifying third party indemnity provisions

The directors benefit from a qualifying third party indemnity provision in the form permitted by the Section 234 of the Companies Act 2006 in respect of certain third party actions against directors. No claim or notice of claim in respect of these indemnities has been received in the period. The qualifying indemnity provision was in force throughout the financial period and up to the date of approval of the Directors' Report.

Matters covered in the Strategic Report

The mandatory disclosures in relation to future developments of the Company are considered by the directors to be of strategic importance. These have therefore been included in the Strategic Report.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

KEITH SPICER LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.



.....
S J Knight
Director

Date: 25th April 2022

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

Opinion

We have audited the financial statements of Keith Spicer Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and notes to the financial statements, 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 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

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

We have nothing to report in this regard.

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 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.

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 intend either 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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


Lesley Fox (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Date: 27/04/2022

KEITH SPICER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	As restated 2020 £
Turnover	4	17,677,934	16,680,197
Cost of sales		(15,131,846)	(14,691,314)
Gross profit		2,546,088	1,988,883
Distribution costs		(683,333)	(645,701)
Administrative expenses		(1,900,653)	(1,909,272)
Other operating income	5	100,545	206,974
Operating profit/(loss)	6	62,647	(359,116)
Interest receivable and similar income		1,019	2,034
Interest payable and similar expenses	10	(240,343)	(204,390)
Other finance income	11	13,000	15,000
Loss before tax		(163,677)	(546,472)
Deferred tax	12	(241,855)	-
Current tax	12	-	-
Loss for the financial year		(405,532)	(546,472)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit schemes		323,000	121,000
Movements of deferred tax relating to pension deficit		(137,764)	(45,000)
Total other comprehensive income		185,236	76,000
Total comprehensive income for the year		(220,296)	(470,472)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 42 form part of these financial statements.

KEITH SPICER LIMITED
REGISTERED NUMBER: 00348565

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	39,592	48,975
Tangible assets	14	5,099,710	5,580,714
Investments	16	4	4
Investment property	15	963,728	963,728
		<u>6,103,034</u>	<u>6,593,421</u>
Current assets			
Stocks	17	4,738,783	5,229,595
Debtors: amounts falling due within one year	18	2,656,885	2,735,698
Cash at bank and in hand	19	1,220,221	314,587
		<u>8,615,889</u>	<u>8,279,880</u>
Creditors: amounts falling due within one year	20	(3,343,671)	(2,859,372)
Net current assets		<u>5,272,218</u>	<u>5,420,508</u>
Total assets less current liabilities		<u>11,375,252</u>	<u>12,013,929</u>
Creditors: amounts falling due after more than one year	21	(11,699,994)	(12,149,994)
Provisions for liabilities			
Deferred tax	24	(553,619)	(174,000)
		<u>(553,619)</u>	<u>(174,000)</u>
Pension asset		1,243,000	895,000
Net assets		<u><u>364,639</u></u>	<u><u>584,935</u></u>
Capital and reserves			
Called up share capital	25	3,042,000	3,042,000
Share premium account		529	529
Capital redemption reserve		13,000	13,000
Profit and loss account		(2,690,890)	(2,470,594)
		<u><u>364,639</u></u>	<u><u>584,935</u></u>

KEITH SPICER LIMITED
REGISTERED NUMBER: 00348565

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



.....
S J Knight
Director

The notes on pages 18 to 42 form part of these financial statements.

KEITH SPICER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2020	3,042,000	529	13,000	(2,000,122)	1,055,407
Comprehensive income for the year					
Loss for the year	-	-	-	(546,472)	(546,472)
Actuarial gains on pension scheme	-	-	-	76,000	76,000
Other comprehensive income for the year	-	-	-	76,000	76,000
Total comprehensive income for the year	-	-	-	(470,472)	(470,472)
At 1 January 2021	3,042,000	529	13,000	(2,470,594)	584,935
Comprehensive income for the year					
Loss for the year	-	-	-	(405,532)	(405,532)
Actuarial gains on pension scheme	-	-	-	185,236	185,236
Other comprehensive income for the year	-	-	-	185,236	185,236
Total comprehensive income for the year	-	-	-	(220,296)	(220,296)
At 31 December 2021	3,042,000	529	13,000	(2,690,890)	364,639

The notes on pages 18 to 42 form part of these financial statements.

KEITH SPICER LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	As restated 2020
	£	£
Cash flows from operating activities		
Loss for the financial year	(405,532)	(546,472)
Adjustments for:		
Amortisation of intangible assets	9,383	9,383
Depreciation of tangible assets	524,754	546,910
Interest paid	240,343	204,390
Interest received	(1,019)	(2,034)
Taxation charge	241,855	-
Decrease/(increase) in stocks	490,812	(802,838)
Decrease in debtors	98,349	72,336
Increase in creditors	441,344	1,344,883
Net fair value losses/(gains) recognised in P&L	23,418	(29,930)
Decrease in pension liabilities	(25,000)	(37,000)
Net cash generated from operating activities	<u>1,638,707</u>	<u>759,628</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(43,749)	(72,764)
Interest received	1,019	2,034
Net cash used in investing activities	<u>(42,730)</u>	<u>(70,730)</u>

KEITH SPICER LIMITED

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	As restated 2020 £
Cash flows from financing activities		
Repayment of loans	(450,000)	(586,350)
Interest paid	(240,343)	(204,390)
Net cash used in financing activities	<u>(690,343)</u>	<u>(790,740)</u>
Net increase/(decrease) in cash and cash equivalents	905,634	(101,842)
Cash and cash equivalents at beginning of year	314,587	416,429
Cash and cash equivalents at the end of year	<u>1,220,221</u>	<u>314,587</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,220,221	314,587
	<u>1,220,221</u>	<u>314,587</u>

The notes on pages 18 to 42 form part of these financial statements.

KEITH SPICER LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31. December 2021 £
Cash at bank and in hand	314,587	905,634	1,220,221
Debt due after 1 year	(12,149,994)	450,000	(11,699,994)
Debt due within 1 year	(2,859,372)	(484,299)	(3,343,671)
	<u>(14,694,779)</u>	<u>871,335</u>	<u>(13,823,444)</u>

The notes on pages 18 to 42 form part of these financial statements.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Keith Spicer Limited (No. 00348565) is a private company limited by shares incorporated in England and Wales. Its registered office is 5 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7PN.

The principal activity of the Company continues to be that of tea importers, blenders, packers and packaged tea exporter. The Directors do not envisage any change in the nature of this business for the foreseeable future.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements have been presented in Pounds Sterling as this is the currency of the primary economic environment in which the Company operates, and are rounded to the nearest pound.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised when goods are dispatched.

2.3 Going concern

In determining whether the Company's financial statements can be prepared on a going concern basis, the directors considered the business activities, together with the factors likely to affect its future development, performance and position; these are set out in the Strategic Report.

The business forecasts and projections, taking account of reasonably possible changes in trading performance and the potential impact of the COVID-19 coronavirus, show that the Company should be able to operate within the level of its current cash resources and continued support of the parent company.

As at the date of this report, the directors have a reasonable expectation that the Company has adequate resources to continue in business for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Other intangibles	-	10	years
Trademarks	-	10	years

Amortisation is included in 'administrative expenses' in the profit and loss account.

2.5 Tangible fixed assets

Tangible fixed assets are stated at historic cost less accumulated depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases;

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	50 years straight line
Plant & machinery	-	3 - 10 years straight line
Motor vehicles	-	4 - 5 years straight line
Fixtures & fittings	-	3 - 20 years straight line
Assets in the course of construction	-	are not depreciated

2.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.8 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.9 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

2.11 Foreign currencies

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

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefits pension scheme and the pension charge is based on a full actuarial valuation dated 31 December 2021.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the Balance Sheet date (if any) out of which the obligations are to be settled.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

2.13 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance Sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.14 Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group. The Company's subsidiaries were dormant during the year and not material for the purpose of giving a true and fair view. The Company has therefore taken advantage of the exemptions provided by section 402 of the Companies Act 2006 not to prepare group accounts.

2.15 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays, of the offered schemes, the Company used the furlough scheme and deferral of VAT payments. The income from the furlough scheme has been recognised within 'Other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received.

The Company has taken advantage of Coronavirus Job Retention Scheme (CJRS) as shown in Note 5. This has been accounted for as a government grant under the accruals model as permitted by FRS 102. Grants relating to expenditure on wages and salaries are credited to 'other operating income' within the Statement of Comprehensive Income to which the grant relates, are paid by the Company.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Certain reported amounts of assets and liabilities are subject to estimates and assumptions. Estimates and judgements by management are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements and estimates are reviewed on an ongoing basis and actual results may differ from these estimates. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Critical judgements in applying the Company's accounting policies

Deferred tax assets

Deferred tax assets are recognised for unused tax-loss carry forwards and unused tax credits to the extent that realisation of the related tax benefit is probable. The assessment of the probability with regard to the realisation of the tax benefit involves assumptions based on the history of the entity and budgeted data for the future.

3.2 Key sources of estimation uncertainty

Estimating useful life of key assets

The useful lives are estimated having regard to such factors as asset maintenance, rate of technical and commercial obsolescence, and asset usage. The useful lives of key assets are reviewed annually.

Investment property

The investment property valuation is reviewed annually by the Directors. The property is stated at fair value with changes in the fair value being recognised in the Statement of Comprehensive Income.

Defined benefit liabilities

Certain assumptions are used relating to the calculation of the defined benefit liabilities. These assumptions comprise the expected return on plan assets as well as future salary increases and future pension increases which have been derived from estimates based on past experience. The expected return on the plan assets takes into consideration the investment policy relating to the assets and their projected returns.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. Turnover

The whole of the turnover is attributable to the principal activity of the entity.

Analysis of turnover by country of destination:

	2021	As restated 2020
	£	£
United Kingdom	13,521,897	12,432,265
Rest of Europe	2,626,408	3,360,030
Rest of the world	1,529,629	887,902
	<u>17,677,934</u>	<u>16,680,197</u>

5. Other operating income

	2021	2020
	£	£
Other operating income	3,160	1,598
Net rents receivable	75,207	72,502
Government grants receivable	22,178	132,874
	<u>100,545</u>	<u>206,974</u>

Government grants receivable relates to the Coronavirus Job Retention Scheme (CJRS).

6. Operating profit/(loss)

The operating loss is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets	524,754	546,910
Amortisation of intangible assets	9,383	9,383
Exchange differences	29,713	68,743
Other operating lease rentals	-	722
Defined contribution pension cost	301,770	278,306
	<u>865,610</u>	<u>904,064</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor and for the audit of the Company's annual accounts	35,300	34,000
Fees payable to the Company's auditor in respect of:		
Taxation compliance services	3,350	3,350
All other non-audit services not included above	4,450	4,450
	<u> </u>	<u> </u>

8. Employees

Staff costs were as follows:

	2021	2020
	£	£
Wages and salaries	3,455,391	3,510,291
Social security costs	277,134	319,830
Cost of defined contribution scheme	301,770	278,306
	<u> </u>	<u> </u>
	4,034,295	4,108,427
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021	2020
	No.	No.
Production	48	67
Distribution	13	22
Administration	53	36
Directors	7	7
	<u> </u>	<u> </u>
	121	132
	<u> </u>	<u> </u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	258,535	-
Company pension contributions to defined contribution pension schemes	15,025	-
	<u>273,560</u>	<u>-</u>

There were 2 directors in the defined contribution pension scheme (2020: £nil).

The highest paid director received remuneration of £131,765 (2020: £nil).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,375 (2020: £nil).

The emoluments disclosed above include £139,140 (2020 - £Nil) of remuneration for directors which was recharged to a fellow subsidiary of the group for services provided.

10. Interest payable and similar expenses

	2021 £	2020 £
Loans from group undertakings	<u>240,343</u>	<u>204,390</u>

11. Other finance income

	2021 £	2020 £
Net interest on net defined benefit asset	<u>(13,000)</u>	<u>(15,000)</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation

	2021 £	2020 £
Current tax on loss for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	241,855	-
Total deferred tax	<u>241,855</u>	<u>-</u>
Taxation on loss on ordinary activities	<u>241,855</u>	<u>-</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(163,677)	(546,472)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(31,099)	(103,830)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(80)	(7,053)
Capital allowances for year in excess of depreciation	55,056	48,496
Provision differences	1,034	-
Other timing differences	(16,525)	-
Deferred tax movement	241,855	-
Pension fund	(4,750)	(7,030)
Amortisation	738	1,783
Unrelieved tax losses carried forward	(4,374)	67,634
Total tax charge for the year	241,855	-

Factors that may affect future tax charges

The Company has taxable losses to carry forward against future taxable profits of approximately £9,934,746 (2020: £10,048,260).

No deferred tax asset has been recognised in relation to these losses due to the uncertain timing over the generation of taxable profits.

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Intangible assets

	Other intangibles £	Trademarks £	Total £
Cost			
At 1 January 2021	48,832	45,000	93,832
At 31 December 2021	<u>48,832</u>	<u>45,000</u>	<u>93,832</u>
Amortisation			
At 1 January 2021	23,857	21,000	44,857
Charge for the year	4,883	4,500	9,383
At 31 December 2021	<u>28,740</u>	<u>25,500</u>	<u>54,240</u>
Net book value			
At 31 December 2021	<u>20,092</u>	<u>19,500</u>	<u>39,592</u>
At 31 December 2020	<u>24,975</u>	<u>24,000</u>	<u>48,975</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 January 2021	4,193,490	9,306,382	85,645	435,943	6,000	14,027,460
Additions	-	-	-	-	43,749	43,749
Disposals	-	-	(68,820)	-	-	(68,820)
Transfers between classes	-	27,418	-	3,230	(30,648)	-
At 31 December 2021	<u>4,193,490</u>	<u>9,333,800</u>	<u>16,825</u>	<u>439,173</u>	<u>19,101</u>	<u>14,002,389</u>
Depreciation						
At 1 January 2021	512,608	7,436,579	85,111	412,448	-	8,446,746
Charge for the year	77,292	441,306	535	5,621	-	524,754
Disposals	-	-	(68,821)	-	-	(68,821)
At 31 December 2021	<u>589,900</u>	<u>7,877,885</u>	<u>16,825</u>	<u>418,069</u>	<u>-</u>	<u>8,902,679</u>
Net book value						
At 31 December 2021	<u>3,603,590</u>	<u>1,455,915</u>	<u>-</u>	<u>21,104</u>	<u>19,101</u>	<u>5,099,710</u>
At 31 December 2020	<u>3,680,882</u>	<u>1,869,803</u>	<u>534</u>	<u>23,495</u>	<u>6,000</u>	<u>5,580,714</u>

Included in land and buildings is freehold land of £680,240 (2020: £680,240) which is not depreciated.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

15. Investment property

	Freehold investment property £
Valuation	
At 1 January 2021	963,728
At 31 December 2021	<u>963,728</u>

The investment property valuation is reviewed annually by the Directors. The property is stated at fair value with changes in the fair value being recognised in the Statement of comprehensive income. The directors obtained a valuation from Nettleship Sawyer Ltd, a third party valuer with the relevant technical knowledge and experience, on 22 February 2022, to assist in ascertaining the fair value of the investment property at the year end date.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2021 £	2020 £
Historic cost	1,084,323	1,084,323
Accumulated depreciation and impairments	(120,595)	(120,595)
	<u>963,728</u>	<u>963,728</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2021	4	100,000	100,004
At 31 December 2021	<u>4</u>	<u>100,000</u>	<u>100,004</u>
Impairment			
At 1 January 2021	-	100,000	100,000
At 31 December 2021	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net book value			
At 31 December 2021	<u>4</u>	<u>-</u>	<u>4</u>
At 31 December 2020	<u>4</u>	<u>-</u>	<u>4</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Big T (Tea) Limited	5 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7PN	Ordinary	100%
St James's Teas Limited	5 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7PN	Ordinary	100%
Dorset Tea Limited	5 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7PN	Ordinary	100%
Tea India Ltd	5 Cobham Road, Ferndown Industrial Estate, Wimborne, Dorset, BH21 7PN	Ordinary	100%

Each of the above subsidiaries are dormant and have made no profit or loss in the year and have equity amounting to £1.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. Stocks

	2021 £	2020 £
Raw materials and consumables	3,713,040	3,909,745
Work in progress	247,753	256,127
Finished goods and goods for resale	777,990	1,063,723
	<u>4,738,783</u>	<u>5,229,595</u>

Stock is stated net of a provision of £82,424 (2020: £120,951).

18. Debtors

	2021 £	As restated 2020 £
Trade debtors	2,362,949	2,313,832
Other debtors	221,640	249,993
Prepayments and accrued income	72,296	171,873
	<u>2,656,885</u>	<u>2,735,698</u>

19. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>1,220,221</u>	<u>314,587</u>

20. Creditors: Amounts falling due within one year

	2021 £	As restated 2020 £
Trade creditors	3,019,370	2,340,571
Other taxation and social security	89,860	88,744
Other creditors	12,000	12,000
Accruals and deferred income	222,441	418,057
	<u>3,343,671</u>	<u>2,859,372</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

21. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Loans owed to group undertakings	11,699,994	12,149,994

22. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due 1-2 years		
Loans owed to group undertakings	11,699,994	12,149,994
	<u>11,699,994</u>	<u>12,149,994</u>

Loans of £600,000 (2020: £1,050,000) are unsecured, attract interest at 1.75% over Libor and are payable on demand on 31 December 2023.

Loans of £11,099,994 (2020: £11,099,994) are unsecured, attract interest at 1.25% over Libor and are payable on demand on 31 December 2023.

23. Financial instruments

	2021 £	2020 £
Financial liabilities		
Financial liabilities measured at fair value through profit or loss	(10,026)	(3,774)

Financial liabilities measured at fair value through profit or loss comprise forward exchange contracts.

All other financial assets and liabilities are measured at amortised cost.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

24. Deferred taxation

	2021 £
At beginning of year	(174,000)
Charged to other comprehensive income	(379,619)
At end of year	(553,619)

	2021 £	2020 £
Fixed asset timing differences	(250,924)	-
Pension (asset) / deficit	(302,695)	(174,000)
	<u>(553,619)</u>	<u>(174,000)</u>

25. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
20,420 (2020: 20,420) Ordinary shares of £100 each	2,042,000	2,042,000
10,000 (2020: 10,000) Preference shares of £100 each	1,000,000	1,000,000
	<u>3,042,000</u>	<u>3,042,000</u>

Share premium

The reserve is the premium paid by shareholders over the notional value of the share purchases in the Company.

Capital redemption reserve

This reserve reflects amount paid by the Company to redeem shares.

Profit and loss account

This reserve reflects the accumulated results for the Company to 31 December 2021.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £301,770 (2020: £278,306). At the year end amounts payable to the scheme totalled £nil (2020: £nil).

Keith Spicer also operate a defined benefit pension scheme.

The Scheme's assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries. The appointment of members of the trustee board is determined by the trust documentation.

The liabilities of the Scheme are measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the projected unit method. This amount is reflected in the surplus/(deficit) in the Balance Sheet. The projected unit method is an accrued benefits valuation method in which the Scheme's liabilities make allowance for projected earnings.

The liabilities set out in this note have been calculated based on the most recent full actuarial valuation at 1 October 2016, updated to 31 December 2021. The results of the calculations and the assumptions adopted are shown below.

Accrual of benefit within the Scheme ceased from 14 April 2014.

Reconciliation of present value of plan liabilities:

	2021 £	2020 £
At the beginning of the year	(12,524,000)	(11,038,000)
Interest cost	(172,000)	(231,000)
Actuarial gains/losses	1,082,000	(1,365,000)
Benefits paid	380,000	110,000
Experience gains/(losses) on liabilities	19,000	-
At the end of the year	(11,215,000)	(12,524,000)

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2021 £	2020 £
At the beginning of the year	13,419,000	11,775,000
Interest income	185,000	246,000
Actuarial gains/losses	(778,000)	1,486,000
Contributions	12,000	22,000
Benefits paid	(380,000)	(110,000)
At the end of the year	<u>12,458,000</u>	<u>13,419,000</u>

Composition of plan assets:

	2021 £	2020 £
Fair value of plan assets	12,458,000	13,419,000
Present value of plan liabilities	(11,215,000)	(12,524,000)
Net pension scheme asset	<u>1,243,000</u>	<u>895,000</u>

The amounts recognised in profit or loss are as follows:

	2021 £	2020 £
Net interest on net defined benefit asset	(13,000)	(15,000)
Total	<u>(13,000)</u>	<u>(15,000)</u>
Actual return on scheme assets	(593,000)	1,732,000
	<u>(593,000)</u>	<u>1,732,000</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

26. Pension commitments (continued)

Composition of plan assets were as follows:

	2021 £	2020 £
Equities	2,795,000	2,784,000
Property	1,069,000	1,170,000
LDI	3,154,000	3,772,000
Bonds	1,062,000	1,758,000
Gilts	1,458,000	969,000
Cash	707,000	497,000
Annuities	2,213,000	2,469,000
	<u>12,458,000</u>	<u>13,419,000</u>

	2021 £	2020 £
Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(778,000)	1,486,000
Experience gains and losses arising on the scheme liabilities	19,000	-
Changes in assumptions underlying the present value of the scheme liabilities	1,082,000	(1,365,000)
	<u>323,000</u>	<u>121,000</u>

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. Pension commitments (continued)

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021	2020
	%	%
Discount rate at 31 December	1.90	1.40
Inflation (RPI)	2.30	2.20
Inflation (CPI)	3.60	3.40
Pension increases		
- CPI min 3% pa max 5% pa	3.60	3.40
- RPI max 2.5% pa	2.30	2.20
Expected return on assets	1.90	1.40
Mortality rates		
- Base table	S3PXA	S3PXA
- Allowance for future improvements	CMI 2018 [1%]	CMI 2018 [1%]

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27. Forward exchange contracts

The Company has entered into certain forward exchange contracts which are unsettled at the year end. The fair value of these derivatives have been determined using valuation techniques based on market data.

At the year end the total foreign currency contracts relate to specific firm commitments to purchase \$718,705 (2020: \$907,140) to repay loans and interest over the next 3 years, and to obtain currency for purchases of tea over the next year.

28. Related party transactions

During the year ended 31 December 2021 the Company had the following loans with group entities:

	Opening balance 2021 £	Capital advanced 2021 £	Capital repaid 2021 £	Closing balance 2021 £
Harris Freeman Asia loan	1,050,000	-	(450,000)	600,000
Harris Freeman & Co Inc	11,099,994	-	-	11,099,994
	<hr/>	<hr/>	<hr/>	<hr/>
	12,149,994	-	(450,000)	11,699,994

During the year ended 31 December 2021, goods were purchased from companies within the Group and under common control with Keith Spicer Limited totalling £3,613,746 (2020: £7,816) and sold £1,529,629 (2020: £1,213,767).

During the year the Company's key management personnel were remunerated a total of £676,739 (2020: £537,620).

At the year end, in addition to the loan balances summarised above, £428,114 (2020: £437,004) was due from and £1,826,981 (2020: £1,123,903) due to companies within the Group under common control.

There are charges from a Company under common control for back office support functions of £73,064 (2020: £66,549).

There were royalty payments made in the year of £30,744 (2020: £26,038).

29. Post balance sheet events

There have been no significant events affecting the Company since the year end.

30. Controlling party

The immediate parent company is Harris Freeman Asia Limited, a company registered in the British Virgin Islands. The ultimate parent undertaking and controlling party is Harris Freeman & Co Inc, registered in the United States of America. Group accounts are prepared and are not available to the public.

KEITH SPICER LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

31. Prior year adjustment

The directors have taken the decision to make the following prior year restatement to the comparative accounts prepared under FRS 102. The directors have corrected on the face of the Statement of Comprehensive Income, the classification of certain amounts within the various categories. The reclassifications have resulted in Turnover increasing by £21,812, Cost of sales increasing by £11,036, Distribution costs increasing by £71,392 and Administrative expenses decreasing by £60,616.

On the face of the Statement of Financial Position, an amount of £19,537 was reclassified from Debtors: amounts due within one year to Creditors: amounts falling due within one year.