

Keith Spicer Limited

Registered number: 00348565

Directors' report and financial statements

For the year ended 31 December 2020



KEITH SPICER LIMITED

COMPANY INFORMATION

Directors	A Shah K Shah M Roberts H 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 2020**

Introduction

The directors present their strategic report for Keith Spicer Limited for the year ended 31 December 2020.

Keith Spicer Limited is one of the UK's premier suppliers of tea. Operating in Private Label and Branded tea category with several key contracts with specialist retailers. The company has a large and 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.

The UK tea market continues to be extremely competitive. Competition is likely to remain strong in main-stream black tea segment. The non-black tea sectors continue to grow in both volume and value, with consumers looking for innovation and additional varieties.

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 for 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 2020**

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 and tea remains competitive. Our operational efficiency and varied capabilities, product and customer strategy, commercial discipline and the Group's scale, all help us to develop strategies to cope 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. This has adversely impacted some of our customers, 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 2020**

Financial key performance indicators

Our financial results are as shown below:

	2020 £'000	2019 £'000	Change %
Turnover	16,658	21,013	(21%)
Gross profit	1,978	2,317	8%
Operating profit	(371)	(317)	50%
EBITDA	200	260	(23%)
Turnover/employee	126	144	(13%)

The Company's defined salary scheme is in surplus by £895k (2019: £737k). Full disclosure of relevant information is included in note 25.

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



.....
S J Knight
Director

Date: 12th May 2021

KEITH SPICER LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the 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 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 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 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 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 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 £546,472 (2019: loss of £633,072).

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
H Shah
C Borooah
P N Unsworth (resigned 31 December 2020)

KEITH SPICER LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 the principal risks and uncertainties and the 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 2020**

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



.....
S J Knight
Director

Date: 12th May 2021

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 2020 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 2020 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.

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

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.

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 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 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 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 4, 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 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 the 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. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

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, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our 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.

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.

KEITH SPICER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEITH SPICER LIMITED

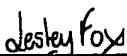
Auditor's responsibilities for the audit of the financial statements (continued)

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 (May 12, 2021 19:47 GMT+1)

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: May 12, 2021

KEITH SPICER LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	16,658,385	21,012,832
Cost of sales		(14,680,278)	(18,695,547)
Gross profit		<u>1,978,107</u>	<u>2,317,285</u>
Distribution costs		(574,309)	(816,675)
Administrative expenses		(1,969,888)	(1,916,646)
Other operating income	5	206,974	98,660
Operating loss	6	<u>(359,116)</u>	<u>(317,376)</u>
Interest receivable and similar income		2,034	2,715
Interest payable and similar expenses	9	(204,390)	(335,411)
Other finance income/(cost)	10	15,000	17,000
Loss before tax		<u>(546,472)</u>	<u>(633,072)</u>
Tax on loss	11	-	-
Loss for the financial year		<u>(546,472)</u>	<u>(633,072)</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit schemes		121,000	142,000
Movements of deferred tax relating to pension deficit		(45,000)	(40,000)
Total other comprehensive income		<u>76,000</u>	<u>102,000</u>
Total comprehensive income for the year		<u>(470,472)</u>	<u>(531,072)</u>

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

The notes on pages 18 to 39 form part of these financial statements.

KEITH SPICER LIMITED
REGISTERED NUMBER: 00348565

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	48,975	58,358
Tangible assets	13	5,580,714	6,054,860
Investments	15	4	4
Investment property	14	963,728	963,728
		<u>6,593,421</u>	<u>7,076,950</u>
Current assets			
Stocks	16	5,229,595	4,426,757
Debtors: amounts falling due within one year	17	2,755,235	2,827,571
Cash at bank and in hand	18	314,587	416,429
		<u>8,299,417</u>	<u>7,670,757</u>
Creditors: amounts falling due within one year	19	(2,878,909)	(1,563,956)
		<u>5,420,508</u>	<u>6,106,801</u>
Net current assets			
		<u>5,420,508</u>	<u>6,106,801</u>
Total assets less current liabilities			
		<u>12,013,929</u>	<u>13,183,751</u>
Creditors: amounts falling due after more than one year	20	(12,149,994)	(12,736,344)
Provisions for liabilities			
Deferred tax	23	(174,000)	(129,000)
		<u>(174,000)</u>	<u>(129,000)</u>
Pension asset	25	895,000	737,000
		<u>895,000</u>	<u>737,000</u>
Net assets			
		<u><u>584,935</u></u>	<u><u>1,055,407</u></u>

KEITH SPICER LIMITED
REGISTERED NUMBER: 00348565

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	24	3,042,000	3,042,000
Share premium account		529	529
Capital redemption reserve		13,000	13,000
Profit and loss account		(2,470,594)	(2,000,122)
Total equity		<u>584,935</u>	<u>1,055,407</u>

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



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S J Knight
Director

Date: 12th May 2021

The notes on pages 18 to 39 form part of these financial statements.

KEITH SPICER LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	3,042,000	529	13,000	(1,469,050)	1,586,479
Comprehensive income for the year					
Loss for the year	-	-	-	(633,072)	(633,072)
Actuarial gains on pension scheme	-	-	-	102,000	102,000
Other comprehensive income for the year	-	-	-	102,000	102,000
Total comprehensive income for the year	-	-	-	(531,072)	(531,072)
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 31 December 2020	<u>3,042,000</u>	<u>529</u>	<u>13,000</u>	<u>(2,470,594)</u>	<u>584,935</u>

The notes on pages 18 to 39 form part of these financial statements.

KEITH SPICER LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(546,472)	(633,072)
Adjustments for:		
Amortisation of intangible assets	9,383	9,382
Depreciation of tangible assets	546,910	567,518
Interest paid	204,390	335,411
Interest received	(2,034)	(2,715)
Increase in stocks	(802,838)	(292,341)
Decrease in debtors	72,336	117,389
Increase/(decrease) in creditors	1,344,883	(775,290)
Net fair value (gains) recognised in P&L	(29,930)	(20,473)
Decrease in pension liabilities	(37,000)	(70,000)
Net cash generated from operating activities	<u>759,628</u>	<u>(764,191)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(72,764)	(502,067)
Interest received	2,034	2,715
Net cash from investing activities	<u>(70,730)</u>	<u>(499,352)</u>

KEITH SPICER LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
Cash flows from financing activities		
Repayment of loans	(586,350)	(11,499,419)
New loans from group undertakings	-	12,843,883
Interest paid	(204,390)	(335,411)
Net cash used in financing activities	<u>(790,740)</u>	<u>1,009,053</u>
Net (decrease) in cash and cash equivalents	<u>(101,842)</u>	<u>(254,490)</u>
Cash and cash equivalents at beginning of year	416,429	670,919
Cash and cash equivalents at the end of year	<u><u>314,587</u></u>	<u><u>416,429</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	314,587	416,429
	<u><u>314,587</u></u>	<u><u>416,429</u></u>

The notes on pages 18 to 39 form part of these financial statements.

KEITH SPICER LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	416,429	(101,842)	314,587
Debt due after 1 year	(12,736,344)	586,350	(12,149,994)
Debt due within 1 year	(1,563,956)	(1,314,953)	(2,878,909)
	<u>(13,883,871)</u>	<u>(830,445)</u>	<u>(14,714,316)</u>

The notes on pages 18 to 39 form part of these financial statements.

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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, and packers. The Directors do not envisage any change in the nature of this business for the foreseeable future.

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 pounds.

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 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

When 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, this includes the impact of COVID-19.

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. The company is dependent on its parent company Harris Freeman Asia Ltd, and the directors of that company have expressed a willingness to support the company for a period of at least twelve months following signing of these financial statements. Thus, the directors 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 2020**

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

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 the Statement of Comprehensive Income.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 2020**

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 2020**

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 2020**

4. Turnover

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

Analysis of turnover by country of destination:

	2020	2019
	£	£
United Kingdom	12,410,453	16,641,709
Rest of Europe	3,360,030	2,643,830
Rest of the world	887,902	1,727,293
	<u>16,658,385</u>	<u>21,012,832</u>

5. Other operating income

	2020	2019
	£	£
Other operating income	1,598	24,045
Net rents receivable	72,502	74,615
Government grants receivable	132,874	-
	<u>206,974</u>	<u>98,660</u>

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

6. Operating loss

The operating loss is stated after (crediting)/charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets	546,910	567,518
Amortisation of intangible assets	9,383	9,382
Exchange differences	30,830	132,787
Other operating lease rentals	722	2,932
Defined contribution pension cost	278,306	258,421
	<u>278,306</u>	<u>258,421</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Auditors' remuneration

	2020	2019
	£	£
Fees payable to the Company's auditors' for the audit of the Company's annual accounts	34,000	31,250
Fees payable to the Company's auditors' 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:

	2020	2019
	£	£
Wages and salaries	3,510,291	3,773,384
Social security costs	319,830	303,244
Cost of defined contribution scheme	278,306	258,421
	<u> </u>	<u> </u>
	<u>4,108,427</u>	<u>4,335,049</u>

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

	2020	2019
	No.	No.
Production	67	79
Distribution	22	24
Administration	36	36
Directors	7	7
	<u> </u>	<u> </u>
	<u>132</u>	<u>146</u>

No directors were remunerated in the current or prior year.

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

9. Interest payable and similar expenses

	2020	2019
	£	£
Bank interest payable	-	6,729
Loans from group undertakings	204,390	328,682
	<u>204,390</u>	<u>335,411</u>

10. Other finance income/(costs)

	2020	2019
	£	£
Net interest on net defined benefit asset	(15,000)	(17,000)
	<u>(15,000)</u>	<u>(17,000)</u>

11. Taxation

	2020	2019
	£	£
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Total deferred tax	<u>-</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>-</u>	<u>-</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Loss on ordinary activities before tax	(546,472)	(633,072)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(103,830)	(120,284)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(7,053)	5,561
Capital allowances for year in excess of depreciation	48,496	(41,969)
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	-	(13,300)
Pension fund	(7,030)	-
Amortisation	1,783	-
Unrelieved tax losses carried forward	67,634	169,992
Total tax charge for the year	-	-

Factors that may affect future tax charges

The Company has taxable losses to carry forward against future taxable profits of approximately £10,048,260 (2019: £9,682,093).

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

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. Intangible assets

	Other intangibles £	Trademarks £	Total £
Cost			
At 1 January 2020	48,832	45,000	93,832
At 31 December 2020	<u>48,832</u>	<u>45,000</u>	<u>93,832</u>
Amortisation			
At 1 January 2020	18,974	16,500	35,474
Charge for the year	4,883	4,500	9,383
At 31 December 2020	<u>23,857</u>	<u>21,000</u>	<u>44,857</u>
Net book value			
At 31 December 2020	<u>24,975</u>	<u>24,000</u>	<u>48,975</u>
At 31 December 2019	<u>29,858</u>	<u>28,500</u>	<u>58,358</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Assets in the course of construction £	Total £
Cost or valuation						
At 1 January 2020	4,184,338	9,235,788	85,645	435,943	12,982	13,954,696
Additions	-	-	-	-	72,764	72,764
Transfer	9,152	70,594	-	-	(79,746)	-
At 31 December 2020	<u>4,193,490</u>	<u>9,306,382</u>	<u>85,645</u>	<u>435,943</u>	<u>6,000</u>	<u>14,027,460</u>
Depreciation						
At 1 January 2020	440,136	6,963,879	81,746	414,075	-	7,899,836
Charge for the year	77,237	460,686	3,365	5,622	-	546,910
Transfer	(4,765)	12,014	-	(7,249)	-	-
At 31 December 2020	<u>512,608</u>	<u>7,436,579</u>	<u>85,111</u>	<u>412,448</u>	<u>-</u>	<u>8,446,746</u>
Net book value						
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>
At 31 December 2019	<u>3,744,202</u>	<u>2,271,909</u>	<u>3,899</u>	<u>21,868</u>	<u>12,982</u>	<u>6,054,860</u>

Included in land and buildings is freehold land of £680,240 (2019: £680,240) which is not depreciated.

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

14. Investment property

	Freehold investment property £
Valuation	
At 1 January 2020 and 1 January 2019	963,728
At 31 December 2020 and 31 December 2019	<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, a third party valuer with the relevant technical knowledge and experience on 10 April 2021 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:

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

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

15. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2020	4	100,000	100,004
At 31 December 2020	4	100,000	100,004
Impairment			
At 1 January 2020	-	100,000	100,000
At 31 December 2020	-	100,000	100,000
Net book value			
At 31 December 2020	4	-	4
At 31 December 2019	4	-	4

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 Limited	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 2020**

16. Stocks

	2020	2019
	£	£
Raw materials and consumables	3,909,745	3,434,595
Work in progress	256,127	494,162
Finished goods and goods for resale	1,063,723	498,000
	<u>5,229,595</u>	<u>4,426,757</u>

Stock is stated net of a provision of £120,951 (2019: £87,331).

17. Debtors

	2020	2019
	£	£
Trade debtors	2,333,369	2,492,236
Other debtors	249,993	161,874
Prepayments and accrued income	171,873	173,461
	<u>2,755,235</u>	<u>2,827,571</u>

18. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	<u>314,587</u>	<u>416,429</u>

19. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	2,340,571	1,018,167
Other taxation and social security	88,744	80,703
Other creditors	31,537	27,489
Accruals and deferred income	418,057	437,597
	<u>2,878,909</u>	<u>1,563,956</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

	2020 £	2019 £
Loans owed to group undertakings	12,149,994	12,736,344

21. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due 1-2 years		
Loans owed to group undertakings	12,149,994	12,736,344
	<u>12,149,994</u>	<u>12,736,344</u>

Loans of £1,050,000 (2019: £1,636,250) are unsecured, attract interest at 1.75% over Libor and are payable on demand on 31 December 2022.

Loans of £11,099,994 (2019: £11,099,994) are unsecured, attract interest at 1.25% over Libor and are payable on demand on 1 January 2022.

22. Financial instruments

	2020 £	2019 £
Financial Liabilities		
Financial liabilities measured at fair value through profit or loss	(3,774)	(29,930)

Financial liabilities measured at fair value through profit or loss comprise foreign 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 2020**

23. Deferred taxation

	2020 £
At beginning of year	(129,000)
Charged to other comprehensive income	(45,000)
At end of year	(174,000)

	2020 £	2019 £
Pension (asset) / deficit	(174,000)	(129,000)
	<u>(174,000)</u>	<u>(129,000)</u>

24. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
20,420 (2019: 20,420) Ordinary shares of £100.00 each	2,042,000	2,042,000
10,000 (2019: 10,000) Preference shares of £100.00 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 2020.

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. 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 £278,306 (2019: £258,421). At the year end amounts payable to the scheme totalled £nil (2019: £27,489).

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 2020. 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:

	2020	2019
	£	£
At the beginning of the year	(11,038,000)	(9,157,000)
Interest cost	(231,000)	(263,000)
Actuarial gains/losses	(1,365,000)	(1,725,000)
Benefits paid	110,000	107,000
At the end of the year	<u>(12,524,000)</u>	<u>(11,038,000)</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2020 £	2019 £
At the beginning of the year	11,775,000	9,682,000
Interest income	246,000	280,000
Actuarial gains/losses	1,486,000	1,867,000
Contributions	22,000	53,000
Benefits paid	(110,000)	(107,000)
At the end of the year	<u>13,419,000</u>	<u>11,775,000</u>

Composition of plan assets:

	2020 £	2019 £
Fair value of plan assets	13,419,000	11,775,000
Present value of plan liabilities	(12,524,000)	(11,038,000)
Net pension scheme asset	<u>895,000</u>	<u>737,000</u>

The amounts recognised in profit or loss are as follows:

	2020 £	2019 £
Interest on obligation	(15,000)	(17,000)
Total	<u>(15,000)</u>	<u>(17,000)</u>
Actual return on scheme assets	1,732,000	2,147,000
	<u>1,732,000</u>	<u>2,147,000</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Pension commitments (continued)

Composition of plan assets were as follows:

	2020 £	2019 £
Equities	2,784,000	2,520,000
Property	1,170,000	550,000
LDI	3,772,000	2,609,000
Bonds	1,758,000	2,602,000
Gilts	969,000	-
Other	-	421,000
Cash	497,000	709,000
Annuities	2,469,000	2,364,000
	<u>13,419,000</u>	<u>11,775,000</u>

	2020 £	2019 £
Analysis of actuarial gain recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	1,486,000	1,867,000
Experience gains and losses arising on the scheme liabilities	-	(327,000)
Changes in assumptions underlying the present value of the scheme liabilities	(1,365,000)	(1,398,000)
	<u>121,000</u>	<u>142,000</u>

KEITH SPICER LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. Pension commitments (continued)

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
	%	%
Discount rate at 31 December	1.40	2.10
Inflation (RPI)	2.20	3.20
Inflation (CPI)	3.40	2.20
Pension increases		
- CPI min 3% pa max 5% pa	3.40	3.25
- RPI max 2.5% pa	2.20	2.20
Expected return on assets	1.40	3.30
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 2020**

26. 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 \$907,140 (2019: \$1,338,750) to repay loans and interest over the next 3 years, and to obtain currency for purchases of tea over the next year.

27. Related party transactions

During the year ended 31 December 2020 the Company had the following loans with group entities:

	Opening balance 2020 £	Capital advanced 2020 £	Capital repaid 2020 £	Closing balance 2020 £
Harris Freeman Asia loan	1,636,350	-	(586,350)	1,050,000
Harris Freeman & Co Inc	11,099,994	-	-	11,099,994
	<u>12,736,344</u>	<u>-</u>	<u>(586,350)</u>	<u>12,149,994</u>

During the year ended 31 December 2020, goods were purchased from companies within the Group and under common control with Keith Spicer Limited totalling £7,816 (2019: £32,740) and sold £1,213,767 (2019: £1,110,302).

During the year the Company's key management personnel were remunerated a total of £537,620 (2019: £492,896).

At the year end, in addition to the loan balances summarised above, £437,004 (2019: £212,338) was due from and £1,123,903 (2019: £35,709) due to companies within the Group under common control.

There are charges from a Company under common control for back office support functions of £66,549 (2019: £70,443).

There were royalty payments made in the year of £26,038 (2019: £23,526).

28. Post balance sheet events

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

29. 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.