

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)

COMPANY REGISTRATION NUMBER : 08176881

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020

**2nd FLOOR
HEATHMANS HOUSE
19 HEATHMANS ROAD
LONDON
SW6 4TJ**

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
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FOR THE YEAR ENDING 31 MARCH 2020

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AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
COMPANY INFORMATION

FOR THE YEAR ENDING 31 MARCH 2020

Directors:	Mr. Richard Darlington Mr. Ajit Thomas Mr. Murugappa Arunachalam Alagappan (appointed: 1.4.2019)
Company No:	08176881 (England and Wales)
Company Name:	AVT Natural Europe Limited Formerly: AVT Tea Services Limited - changed on: 4.3.2020
Registered Office:	2nd Floor Heathmans House 19 Heathmans Road London SW6 4TJ
Auditors:	Reza Samii Chartered Accountant and Statutory Auditor 5 Calico Row Plantation Wharf London SW11 3YH
Company Secretary	Haggards & Co. Limited Heathmans House 19 Heathmans Road London SW6 4TJ
Bankers:	HSBC Bank Plc 240 Lavender Hill Clapham Junction London SW11 1LH

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
(Company Registration No: 08176881)
DIRECTORS' REPORT

FOR THE YEAR ENDING 31 MARCH 2020

The directors present their report together with the audited accounts for the year ending 31st March 2020.

PRINCIPAL ACTIVITIES:

The principal activity of the company is the manufacture and supply of decaffeinated tea and tea extracts to the tea industry and beverage market.

DIRECTORS AND THEIR SHAREHOLDINGS:

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

Mr. Richard Darlington

Mr. Ajit Thomas

Mr. Murugappa A. Alagappan (appointed: 1.4.2019)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS:

The directors of the company who held office at the date of approval of this Annual Report as set out above each confirm that:

* so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and

* they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' STATEMENTS OF RESPONSIBILITY IN RELATION TO THE ACCOUNTS:

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare financial statements for each financial period which 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 those financial statements, the directors are required to :

- * select suitable accounting policies and then apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT CONTINUED ON PAGE 3

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
(Company Registration No: 08176881)
DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDING 31 MARCH 2020

DIRECTORS' STATEMENTS OF RESPONSIBILITY IN RELATION TO THE ACCOUNTS (Continued):

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and that 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.

CHANGE OF NAME:

By a special resolution passed by its members, on 3rd of March 2020, the company changed its name from AVT Tea Services to AVT Natural Europe Limited.

CHANGE OF PRESENTATIONAL CURRENCY:

The company has changed its presentational currency from Sterling to the functional currency of US Dollar in which all of its revenue and gross profit is generated. The comparative figures for the prior period have been expressed in US Dollars to reflect the change.

It is expected that following this change, there will be reductions in annual exchange rate profits and losses.


AUDITORS:

Mr. Samii has expressed his willingness to continue in office and he is deemed to be reappointed under Section 487(2) of the Companies Act 2006.

SMALL COMPANY REGIME:

This report has been prepared taking advantage of the exemptions for small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 20 May 2020 and signed on its behalf:

Mr. Richard Darlington.....  Director

Date: 20th May 2020

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)

FOR THE YEAR ENDING 31 MARCH 2020

Opinion

We have audited the financial statements of AVT Natural Europe Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, statement of financial position 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 March 2020 and of its profit 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 the provisions available for small entities, in the circumstances set out below, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)

FOR THE YEAR ENDING 31 MARCH 2020

Other Information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

We have nothing to report in respect of the following matters where 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 the 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**
(Formerly: AVT Tea Services Limited)

FOR THE YEAR ENDING 31 MARCH 2020

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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, base on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**
(Formerly: AVT Tea Services Limited)

FOR THE YEAR ENDING 31 MARCH 2020

Use of our 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 auditors 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.



REZA SAMII ACA (Senior Statutory Auditor)

Date: 20th May 2020.

**Reza Samii
Chartered Accountant and
Registered Auditor.**

Firm no. 7390233

**5 Calico Row
Plantation Wharf
Battersea, London
SW11 3YH**

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDING 31 MARCH 2020

	Notes	From 1.04.19 to 31.03.2020 \$	From 1.04.18 to 31.03.2019 \$
Turnover	1 (e)	8,444,214	11,711,327
Cost of sales		(7,568,061)	(10,840,956)
Gross profit		876,153	870,371
Less: expenditure			
Distribution expenses		(42,172)	(24,863)
Administrative expenses		(636,172)	(708,245)
Operating profit / (loss)	3	197,809	137,263
Interest receivable and similar income		33,043	34,475
Interest payable	3	(103,174)	(113,916)
Profit / (loss) on ordinary activities before taxation	3	127,677	57,823
Taxation - (Debit) / credit	4	(6,278)	(6,550)
Retained (loss) / profit for the financial year after taxation		121,399	51,273
Dividends for the year		0	0
		121,399	51,273
Reserves brought forward		(1,342,681)	(1,393,954)
Reserves carried forward		(1,221,282)	(1,342,681)

All the activities of the company are from continuing operations.

The Notes part of these financial statements

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		<u>31 March 2020</u>		<u>31 March 2019</u>	
	Notes	\$	\$	\$	\$
FIXED ASSETS					
Tangible assets	5		1,805		3,658
CURRENT ASSETS					
Investment	6	1,000		1,000	
Stocks	7	854,550		1,071,036	
Debtors	8	1,521,505		1,997,817	
Cash at bank and in hand		<u>571,568</u>		<u>446,686</u>	
		2,948,623		3,516,539	
CREDITORS : Amounts falling due within one year	9	(2,645,009)		(3,336,176)	
NET CURRENT ASSETS / (LIABILITIES)			<u>303,614</u>		<u>180,363</u>
NET ASSETS / (LIABILITIES)			<u>305,420</u>		<u>184,021</u>
CAPITAL AND RESERVES:					
Called up shared capital	10	1,526,702		1,526,702	
Profit and loss account		<u>(1,221,282)</u>		<u>(1,342,681)</u>	
Equity shareholders' funds / (deficits)			<u>305,420</u>		<u>184,021</u>

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 20th May 2020 and are signed on behalf of the board by:

Mr. Richard Darlington..........Director

Company No 08176881 (England and Wales)

The Notes part of these financial statements

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

1 . GENERAL INFORMATION:-

The company is a wholly owned subsidiary of AVT Natural Products Limited, a company incorporated in India and listed on Bombay Stock Exchange and the National Stock Exchange of India.

The registered address of AVT Natural Europe Limited is: 2nd Floor, Heathmans House, 19 Heathmans Road, London, SW6 4TJ.

2 . STATEMENT OF COMPLIANCE:

These financial statements have been prepared in accordance with FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

3 . ACCOUNTING POLICIES:-

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company accounts.

a) BASIS OF RPREPARATION:

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

The financial statements have been prepared in US Dollar, which is the functional currency of the entity.

b) GOING CONCERN:

The financial statements have been prepared on the going concern basis as the holding company who is also the major trading partner has indicated its intention to continue with its existing financial and operational arrangements.

c) CONSOLIDATION:

The company is exempt from the requirement to produce consolidated accounts on the basis that the company is a wholly owned subsidiary of AVT Natural Products Limited and its accounts are included in the consolidated accounts of the parent company.

d) TURNOVER:

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognized when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of services provided to date based on a proportion of the total contract value. Where payments are received in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

e) STOCKS:

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Goods in transit to the company are not recognized in stock unless title for goods has passed to the company. Contracted liabilities associated with the purchase of goods in transit are recognized in trade creditors where it is deemed that the title has passed to the company.

f) TANGIBLE FIXED ASSETS:

All fixed assets are initially recorded at cost.

Depreciation

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

Leasehold improvements	- 33% straight line (lease expires on 20.03.2025 with option to terminate on 20.03.2020)
Fixtures and fittings	- 20% straight line
Office equipment	- 33% straight line

g) OPERATING LEASE AGREEMENTS:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit on a straight line basis over the period of the lease.

h) PENSION COSTS:

The company operates a defined contribution pension scheme for the employees. The assets for the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

i) DEFERRED TAXATION:

Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:-

Deferred tax assets are recognized only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

j) FOREIGN CURRENCY TRANSLATION:

The financial statements are presented in US Dollars, which is also the functional currency of the Company. Transactions in currencies, other than the functional currency of the Company, are recorded at the rate of exchange on the date the transaction occurred. Monetary items denominated in other currencies are translated at the rate prevailing at the end of the reporting period. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured at historic cost in a foreign currency are not retranslated.

The US \$ exchange rate used versus Sterling were as follows ; -

The year end exchange rate : £ = 1.2403 US \$

The average exchange rate for year ending 31st March 2020 : £ = 1.2681 US \$

k) HOLIDAY PAY ACCRUAL:

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

2 . TURNOVER:-

	\$ 31.03.2020	\$ 31.03.2019
Turnover arises from:		
Sale of goods	8,234,044	11,470,112
Other income	210,171	241,215
	<u>8,444,214</u>	<u>11,711,327</u>
	\$	\$
3 . OPERATING RESULTS:-	31.03.2020	31.03.2019

The operating results are stated after charging:

Directors' remuneration	181,399	187,350
Staff Pension Contributions	9,464	12,918
Audit fees	15,516	6,549
Depreciation charges - note 5	2,200	1,996
Net Loss/(profit) on foreign currency translation	<u>17,353</u>	<u>44,556</u>

Employee information and costs:-

Number of employees	31.03.2020	31.03.2019
The average monthly number of employees during the year was:	Number	Number
Selling, distribution and administration	2	3
Management - directors	<u>3</u>	<u>2</u>
	<u>5</u>	<u>5</u>

Employment costs

Wages and salaries including directors', employer NIC and pension contributions net of recharges	\$ 478,894	\$ 527,021
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Interest payable and similar charges

Interest charges	\$ 84,449	\$ 90,230
Facility charges	18,725	23,686
	<u>103,174</u>	<u>113,916</u>

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

	\$ 31.03.2020	\$ 31.03.2019
4 . CORPORATION TAX:-		
UK corporation tax at 19.00% (2019: 19.00%)	6,278	6,550
	<u>6,278</u>	<u>6,550</u>
 Factors effecting the tax charge for the year		
Profit / (Loss) on ordinary activities before taxation	<u>127,677</u>	<u>51,273</u>
Profit / (Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2019: 19.00%)	24,259	9,742
Current tax on disallowable expenditure for period @ 19%	140	390
Current tax on difference between capital allowances and depreciation charges for period @ 19%	352	85
Adjustment in respect of losses brought forward @ 19%	(18,473)	(3,667)
 Current tax charge as above	<u>6,278</u>	<u>6,550</u>

Factors affecting future tax charge

At 31st March 2020 the company had significant tax losses of US\$ 990,391 to carry forward and offset against future profits.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

5 .TANGIBLE FIXED ASSETS:-	Leasehold Improve- ments \$	Office Equipment \$	Fixtures & fittings \$	Total \$
Cost or valuation:				
Balance as at 01.04.2019	4,332	21,731	6,369	32,433
Additions during the year	0	347	0	347
 As at 31.03.2020	4,332	22,078	6,369	32,780
Depreciation:				
Balance as at 01.04.2019	4,332	18,073	6,369	28,774
Charge for the year	0	2,200	0	2,200
 As at 31.03.2020	4,332	20,273	6,369	30,975
 Net Book Value as at 31.03.2020	0	1,805	0	1,805
Net Book Value as at 31.03.2019	0	3,658	0	3,658

6 .INVESTMENTS:-	\$ 31.03.2020	\$ 31.03.2019
Investment in Subsidiary	1,000	1,000

During the year 2014-15, the company set up a subsidiary in the United States of America. The investment represents 100% of the share capital and is stated at cost. The subsidiary has since remained dormant.

7 .STOCKS:-	\$ 31.03.2020	\$ 31.03.2019
Stocks of goods for resale	584,340	591,164
Stocks of goods in transit	270,210	479,872
	854,550	1,071,036

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

8 .DEBTORS:-	\$ 31.03.2020	\$ 31.03.2019
Trade debtors	948,331	1,114,772
Amounts due from associated undertakings (see note 12)	54,576	365,365
Loans & advances	500,000	500,000
VAT Recoverable	5,527	5,214
Prepayments	10,315	9,199
Other debtor	957	1,466
Security deposit	1,800	1,800
	<u>1,521,505</u>	<u>1,997,817</u>

The debtors above include the following amounts falling due after more than one year:

	\$ 31.03.2020	\$ 31.03.2019
Security Deposit	<u>1,800</u>	<u>1,800</u>

9 .CREDITORS-amounts falling due within one year:-	\$ 31.03.2020	\$ 31.03.2019
Bank loans	2,030,866	2,414,032
Trade creditors	0	283,316
Amounts owed to associated undertakings (see note 12)	559,993	549,687
Other taxation and social security	21,174	11,349
Corporation tax	6,278	6,535
Other Creditors	26,698	71,257
	<u>2,645,009</u>	<u>3,336,176</u>

The bank loans and overdrafts are secured by a fixed and floating charge dated 21st October 2016 against the assets of the company both present and future.

10 . CALLED UP SHARE CAPITAL:-	31.03.2020 Number	31.03.2019 Number
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	31.03.2020 \$	31.03.2019 \$
Allotted, called-up and fully paid:		
Ordinary shares of £1 each	<u>1,526,702</u>	<u>1,526,702</u>

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

11 . FINANCIAL COMMITMENTS:

The company as lessee - The total future minimum lease payments under non - cancellable operating leases are as follows:

	31.03.2020	31.03.2019
	\$	\$
Operating leases - office rent expiring:		
Between 1 and 5 years	211,843	34,927

12 . RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY:

AVT Natural Products Ltd

The company's immediate and ultimate parent throughout the current period was AVT Natural Products Limited, a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange of India.

During the year the company entered into the following transactions with AVT Natural Products Ltd. Sales of \$ 582,506, Sales commission of \$ 210,133 and Purchases of \$ 5,916,618.

The balances outstanding as at 31st March 2020 were a debtor balance of \$ 41,760 and a creditor balance of \$ 545,816.

AVT Leather Inc.

During the year this company was charged a sum of \$ 185,440 by AVT Leather Inc, a company incorporated in USA towards services provided in USA.

The creditor balance due to AVT Leather Inc as at 31st March 2020 amounted to \$14,177.

Serica Tea Limited / The Darlington Tea Company Limited

The company is related to the above through its director Mr. Richard Darlington. During the year the company entered into the following transactions with the above:-

Serica Tea Limited: Sales of \$14,761. The debtor balance as at 31st March 2020 was \$ 2,171.

The Darlington Tea Company Limited: Sales of \$ 96,480 and Purchases of \$ 85,272. The balance as at 31st March 2020 was a debtor balance of \$ 10,645.

ULTIMATE CONTROLLING PARTY

The company is under the ultimate control of Mr. Ajit Thomas by virtue of his controlling interest in a number of companies that, taken together, exercise control over AVT Natural Products Limited.

13 . SERVICES PROVIDED BY AUDITORS:

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the quarterly management and year end financial statements.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2020

14 . COVID - 19 - Overall risk to operations :

Since early 2020, the spread of COVID - 19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Global stock markets have also experienced great volatility and a significant weakening.

Directors have carefully considered the perceived risks in so far as company's trade is concerned and have determined that these events currently do not adversely affect the company's operations and financial position.

Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect COVID -19 impact. The duration and impact of the COVID - 19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time.

It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
DETAILED INCOME STATEMENT

FOR THE YEAR ENDING 31 MARCH 2020

	Kg	Y/E 31 March 2020	Kg	Y/E 31 March 2019
		\$	\$	\$
TURNOVER				
Sales	(2,201,223)	8,234,044	(3,551,664)	11,470,112
Other Income		210,171		241,215
		<u>8,444,214</u>		<u>11,711,327</u>
COST OF SALES:				
Opening stock	214,541	1,071,036	147,025	877,408
Purchases	2,093,128	7,287,576	3,619,180	10,881,823
Storage Rent & Transportation		60,028		108,100
Sample testing charges		2,686		44,660
Damage/Shortage of Stock		1,284		0
Closing stock	106,446	(854,550)	214,541	(1,071,036)
		<u>(7,568,061)</u>		<u>(10,840,956)</u>
GROSS PROFIT		10.38% 876,153		7.43% 870,371
- GP profit % excluding "other income"		8.09%		5.49%
DISTRIBUTION EXPENSES:				
Sales Commission		<u>42,172</u>		<u>24,863</u>
		(42,172)		(24,863)
ADMINISTRATIVE EXPENSES:				
Rent, Rates & Service charges - net of rect		19,536		9,843
Water expenses		147		119
Light and Heat		444		468
General Office Expenses		10,939		7,242
Cleaning charges		<u>2,139</u>		<u>2,082</u>
- Establishment expenses		(33,205)		(19,753)
Director's remuneration		181,399		187,350
Wages and salaries - UK & US staff		254,836		334,968
Redundancy payment		0		15,062
Employer's NIC incl. director - UK		28,448		38,254
Pension costs		4,748		19,342
Less: recharges to related undertakings		0		(67,955)
Employee Health Insurance		9,464		12,918
Staff welfare		3,599		1,401
Advertisement & Publicity		0		982
Audit fees including Management		15,516		6,549
Accounts and corporation tax works				
Courier charges		3,499		11,551
UK travel		20,603		30,358
Foreign travel		16,193		14,377
Entertainment Expenses		739		2,052
Insurance charges		1,196		1,180
C/F TO THE NEXT PAGE		<u>540,239</u>	<u>800,776</u>	<u>608,389</u>
				<u>825,755</u>

This page does not form part of the statutory accounts.

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
DETAILED INCOME STATEMENT

FOR THE YEAR ENDING 31 MARCH 2020

	Y/E 31 March 2020		Y/E 31 March 2019	
	\$	\$	\$	\$
B/F FROM PREVIOUS PAGE	540,239	800,776	608,389	825,755
Legal expenses	0		0	
Meeting expenses	0		0	
Printing and stationery	1,420		784	
Professional fees	13,863		7,528	
Stock insurance	0		0	
Subscription charges	6,905		5,104	
Telephone expenses	8,177		4,693	
Provision for bad and doubtful debts	0		0	
Profit on sale of fixed assets	0		(92)	
Depreciation charges	2,200		1,996	
		(572,804)		(628,401)
FINANCIAL COSTS:				
Bank charges	12,811		15,533	
Exchange gain / loss	17,353		44,556	
		(30,164)		(60,090)
		197,809		137,264
Interest receivable		33,043		34,475
Interest charges		(84,449)		(90,230)
Facility charges		(18,725)		(23,686)
PROFIT / (LOSS) FOR THE YEAR		<u>127,677</u>		<u>57,824</u>

AVT NATURAL EUROPE LIMITED
(Formerly: AVT Tea Services Limited)
CORPORATION TAX COMPUTATION

FOR THE YEAR ENDING 31 MARCH 2020

	\$	\$
Profit / (Loss) per accounts		127,677
Add: Depreciation charges	2,200	
Entertaining expenses	739	
Less: Interest received	(33,043)	
Profit on disposal of fixed assets	0	
Capital Allowances - see below	<u>(347)</u>	
		(30,451)
Trading profit / (loss) for the year		97,226
Trading losses B/F - all pre 1 April 2019		(1,087,618)
Trading losses C/F as at 31.03.2020		(990,391)
		33,043
Interest received for the year		33,043
Corporation tax payable at 19%		6,278

	General pool	Allowances
Capital allowances computations:	\$	\$
Written down value B/F	0	
Written down allowance @ 18%		0
Additions during year - computer & office equipment	347	
Less: Annual Investment Allowance	<u>(347)</u>	347
	0	<u>347</u>
Written down value C/F @ 31.03.2020	<u>0</u>	<u>347</u>