

AVT NATURAL EUROPE LIMITED

COMPANY REGISTRATION NUMBER : 08176881

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

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

AVT NATURAL EUROPE LIMITED

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FOR THE YEAR ENDING 31 MARCH 2021

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AVT NATURAL EUROPE LIMITED**COMPANY INFORMATION**FOR THE YEAR ENDING 31 MARCH 2021

Directors:	Mr. Richard Darlington Mr. Ajit Thomas Mr. Murugappa Arunachalam Alagappan
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

(Company Registration No: 08176881)

DIRECTORS' REPORT

FOR THE YEAR ENDING 31 MARCH 2021

The directors present their report together with the audited accounts for the year ending 31st March 2021.

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

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*(Company Registration No: 08176881)***DIRECTORS' REPORT (Continued)**FOR THE YEAR ENDING 31 MARCH 2021

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 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 Dollarsto 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 11 May 2021 and signed on its behalf.

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

Date: 11th May 2021

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**

FOR THE YEAR ENDING 31 MARCH 2021

Opinion

We have audited the financial statements of AVT Natural Europe Limited (the 'company') for the year ended 31 March 2021 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 2021 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

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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**

FOR THE YEAR ENDING 31 MARCH 2021

Other Information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 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 exemptions in preparing the directors' report and form the requirement to prepare a strategic report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**

FOR THE YEAR ENDING 31 MARCH 2021

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

As we have obtained precise reconciliation of the quantities of products bought and sold by the company and have obtained direct confirmation of the Group Companies' debtors and creditors balances and having substantively tested other balance sheet items and profit and loss transactions, we are confident that had there been any irregularities including fraud, these would have been detected.

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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AVT NATURAL EUROPE LIMITED**

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FOR THE YEAR ENDING 31 MARCH 2021

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: 11th May 2021.

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

Firm no. 7390233

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

AVT NATURAL EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDING 31 MARCH 2021

	Notes	From 1.04.20 to 31.03.2021 \$	From 1.04.19 to 31.03.2020 \$
Turnover	1 (d) & 2	13,028,063	8,444,214
Cost of sales		(12,016,276)	(7,568,062)
Gross profit		1,011,788	876,152
Less: expenditure			
Distribution expenses		(50,404)	(42,172)
Administrative expenses		(540,760)	(636,172)
Operating profit / (loss)	3	420,624	197,808
Interest receivable and similar income		46,841	33,043
Interest payable	3	(82,073)	(103,174)
Profit / (loss) on ordinary activities before taxation	3	385,392	127,677
Taxation - (Debit) / credit	4	(17,782)	(6,278)
Retained (loss) / profit for the financial year after taxation		367,610	121,399
Dividends for the year		0	0
		367,610	121,399
Reserves brought forward		(1,221,282)	(1,342,681)
Reserves carried forward		(853,672)	(1,221,282)

All the activities of the company are from continuing operations.

The Notes part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	31 March 2021		31 March 2020	
		\$	\$	\$	\$
FIXED ASSETS					
Tangible assets	5		3,619		1,805
CURRENT ASSETS					
Investment	6	61,000		1,000	
Stocks	7	1,897,062		854,550	
Debtors	8	2,884,749		1,521,505	
Cash at bank and in hand		<u>1,029,859</u>		<u>571,568</u>	
		5,872,670		2,948,623	
CREDITORS : Amounts falling due within one year					
	9	(4,532,119)		(2,645,009)	
NET CURRENT ASSETS / (LIABILITIES)					
			<u>1,340,551</u>		<u>303,614</u>
NET ASSETS / (LIABILITIES)					
			<u>1,344,170</u>		<u>305,420</u>
CAPITAL AND RESERVES:					
Called up shared capital	10	2,197,842		1,526,702	
Profit and loss account		(853,672)		(1,221,282)	
Equity shareholders' funds / (deficits)					
			<u>1,344,170</u>		<u>305,420</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 11th May 2021 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**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDING 31 MARCH 2021

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.

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.

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 PREPARATION:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

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 : £ = 1.371 US \$

The average exchange rate for year ending 31st March 2021 : £ = 1.3152 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:-

	\$	\$
	31.03.2021	31.03.2020
Turnover arises from:		
Sale of goods	12,922,710	8,234,044
Other income	105,353	210,171
	<u>13,028,063</u>	<u>8,444,214</u>

3 . OPERATING RESULTS:-

The operating results are stated after charging:

	\$	\$
	31.03.2021	31.03.2020
Directors' remuneration	193,068	181,399
Staff Pension Contributions	10,950	9,464
Audit fees	16,626	15,516
Depreciation charges - note 5	2,348	2,200
Net Loss/(profit) on foreign currency translation	<u>(28,269)</u>	<u>17,353</u>

Employee information and costs:-

Number of employees	31.03.2021	31.03.2020
The average monthly number of employees during the year was:	Number	Number
Selling, distribution and administration	2	2
Management - directors	3	3
	<u>5</u>	<u>5</u>

Employment costs

	\$	\$
Wages and salaries including directors', employer NIC and pension contributions net of recharges	<u>479,513</u>	<u>478,894</u>

Interest payable and similar charges

	\$	\$
Interest charges	56,474	84,449
Facility charges	25,599	18,725
	<u>82,073</u>	<u>103,174</u>

AVT NATURAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

	\$ 31.03.2021	\$ 31.03.2020
4 . CORPORATION TAX:-		
UK corporation tax at 19.00% (2020: 19.00%)	17,782	6,278
	<u>17,782</u>	<u>6,278</u>
 Factors effecting the tax charge for the year		
Profit / (Loss) on ordinary activities before taxation	<u>385,392</u>	<u>127,677</u>
Profit / (Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2020: 19.00%)	73,225	24,259
Current tax on disallowable expenditure for period @ 19%	7	140
Current tax on difference between capital allowances and depreciation charges for period @ 19%	(975)	352
Adjustment in respect of losses brought forward @ 19%	(54,475)	(18,473)
Current tax charge as above	<u>17,782</u>	<u>6,278</u>

Factors affecting future tax charge

At 31st March 2021 the company had significant tax losses of US\$ 750,524 to carry forward and offset against future profits.

AVT NATURAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

5 .TANGIBLE FIXED ASSETS:-	Leasehold Improve- ments \$	Office Equipment \$	Fixtures & fittings \$	Total \$
Cost or valuation:				
Balance as at 01.04.2020	4,332	22,078	6,369	32,780
Eliminated in respect of fully depreciated items	(4,332)	(15,291)	(6,369)	(25,992)
Additions during the year	0	3,318	844	4,162
As at 31.03.2021	0	10,105	844	10,949
Depreciation:				
Balance as at 01.04.2020	4,332	20,273	6,369	30,974
Eliminated in respect of fully depreciated items	(4,332)	(15,291)	(6,369)	(25,992)
Charge for the year	0	2,348	0	2,348
As at 31.03.2021	0	7,330	0	7,330
Net Book Value as at 31.03.2021	0	2,775	844	3,619
Net Book Value as at 31.03.2020	0	1,805	0	1,805

6 .INVESTMENTS:-	\$ 31.03.2021	\$ 31.03.2020
Investment in subsidiaries		
Balance as at 01.04.2020	1,000	1,000
Additions during year	60,000	0
As at 31.03.2021	61,000	1,000

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Number	Holding
AVT Tea Services North America LLC	USA - Florida	Ordinary \$1.00	1,000	100.00%
AVT Natural North America Inc.	USA - Delaware	Ordinary \$10.00	6,000	100.00%

Both companies, except for costs recharged / reimbursed, remained non-trading during the year (see note 12).

AVT NATURAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

	\$ 31.03.2021	\$ 31.03.2020
7 .STOCKS:-		
Stocks of goods for resale	593,603	584,340
Stocks of goods in transit	1,303,459	270,210
	<u>1,897,062</u>	<u>854,550</u>

	\$ 31.03.2021	\$ 31.03.2020
8 .DEBTORS:-		
Trade debtors	1,738,499	948,331
Amounts due from associated undertakings (see note 12)	599,540	54,576
Loans & advances	477,572	500,000
VAT Recoverable	8,129	5,527
Prepayments	11,841	10,315
Other debtor	47,369	957
Security deposit	1,800	1,800
	<u>2,884,749</u>	<u>1,521,505</u>

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

	\$ 31.03.2021	\$ 31.03.2020
Security Deposit	<u>1,800</u>	<u>1,800</u>

	\$ 31.03.2021	\$ 31.03.2020
9 .CREDITORS-amounts falling due within one year:-		
Bank loans	1,330,915	2,030,866
Trade creditors	349,605	0
Amounts owed to associated undertakings (see note 12)	2,779,306	559,993
Other taxation and social security	12,048	21,174
Corporation tax	17,782	6,278
Other Creditors	42,464	26,698
	<u>4,532,119</u>	<u>2,645,009</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.

AVT NATURAL EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING 31 MARCH 2021

10 . CALLED UP SHARE CAPITAL:-	31.03.2021	31.03.2021	31.03.2020	31.03.2020
	\$	Number	\$	Number
Allotted, called-up and fully paid: Ordinary shares of £1 each				
Balance as at 01.04.2020	1,526,702	1,000,000	1,526,702	1,000,000
Additions during year	671,140	535,000	0	0
Balance as at 31.03.2021	<u>2,197,842</u>	<u>1,535,000</u>	1,526,702	1,000,000

To increase the company's working capital, on 16 June 2020 the company issued 535,000 ordinary shares of £1.00 each for cash at par (£1 = US\$ 1.25447) ranking pari with the existing shares.

11 . FINANCIAL COMMITMENTS:

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

	31.03.2021	31.03.2020
	\$	\$
Operating leases - office rent expiring:		
Within one year	45,463	42,369
Between 1 and 5 years	136,389	169,475
	<u>181,852</u>	<u>211,844</u>

The lease of offices expires on 20.03.2025.

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 \$ 2,509,129, Sales commission of \$ 105,353 and Purchases of \$ 8,779,881.

The balances outstanding as at 31st March 2021 were a debtor balance of \$ 589,336 and a creditor balance of \$ 2,754,413.

AVT Leather Inc.

During the year this company was charged a sum of \$ 139,690 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 2021 amounted to \$NIL.

AVT NATURAL EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2021

12. RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY
(Continued from previous page)

AVT Natural North America Inc.

During the year this company was charged a sum of \$46,496 by AVT Natural North America Inc, a company incorporated in USA towards services provided in USA.

The creditor balance due to AVT Natural North America Inc as at 31st March 2021 amounted to \$15,406.

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 \$10,018. The balance as at 31st March 2021 was \$ NIL.

The Darlington Tea Company Limited: Recharges of \$ 45,329, Purchases of \$ 14,600. The balance as at 31st March 2021 was a debtor balance of \$ 10,204.

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.

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.

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.

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

DETAILED INCOME STATEMENT

FOR THE YEAR ENDING 31 MARCH 2021

	Kg	Y/E 31 March 2021		Kg	Y/E 31 March 2020	
		\$	\$		\$	\$
TURNOVER						
Sales	(4,733,304)	12,922,710		(2,201,223)	8,234,044	
Other Income		<u>105,353</u>			<u>210,171</u>	
			13,028,063			8,444,214
COST OF SALES:						
Opening stock	106,446	854,550		214,541	1,071,036	
Purchases	5,115,981	12,848,737		2,093,128	7,287,576	
Storage Rent & Transportation		207,908			60,028	
Sample testing charges		2,143			2,686	
Damage/Shortage of Stock		0			1,284	
Closing stock	489,123	<u>(1,897,062)</u>		106,446	<u>(854,550)</u>	
			<u>(12,016,276)</u>			<u>(7,568,062)</u>
GROSS PROFIT		7.77%	1,011,788		10.38%	876,152
- GP profit % excluding "other income"		7.01%			8.09%	
DISTRIBUTION EXPENSES:						
Sales Commission		<u>50,404</u>			<u>42,172</u>	
			(50,404)			(42,172)
ADMINISTRATIVE EXPENSES:						
Rent, Rates & Service charges - net of recharges		22,553			19,536	
Water expenses		198			147	
Light and Heat		493			444	
General Office Expenses		2,262			10,939	
Cleaning charges		<u>2,669</u>			<u>2,139</u>	
- Establishment expenses			(28,174)			(33,204)
Director's remuneration		193,068			181,399	
Wages and salaries - UK & US staff		252,305			254,836	
Employment Allowance		(5,317)			(3,818)	
Employer's NIC incl. director - UK		32,581			31,071	
Class 1A NIC		1,272			1,195	
Pension costs		5,290			4,748	
Prior year overprovision of tax & NIC written back		(10,636)			0	
Employee Health Insurance		10,950			9,464	
Staff welfare		198			3,599	
Advertisement & Publicity		945			0	
Audit fees including Management Accounts and corporation tax works		16,626			15,516	
Courier charges		7,902			3,499	
UK travel		196			20,603	
Foreign travel		0			16,193	
Entertainment Expenses		39			739	
Insurance charges		1,423			1,196	
C/F TO THE NEXT PAGE		<u>506,842</u>	<u>933,210</u>		<u>540,239</u>	<u>800,776</u>

This page does not form part of the statutory accounts.

AVT NATURAL EUROPE LIMITED

DETAILED INCOME STATEMENT

FOR THE YEAR ENDING 31 MARCH 2021

	Y/E 31 March 2021		Y/E 31 March 2020	
	\$	\$	\$	\$
B/F FROM PREVIOUS PAGE	506,842	933,210	540,239	800,776
Printing and stationery	748		1,420	
Professional fees	8,197		13,863	
Subscription charges	5,980		6,905	
Telephone expenses	2,329		8,177	
Profit on sale of fixed assets	(456)		0	
Depreciation charges	<u>2,348</u>		<u>2,200</u>	
		(525,987)		(572,803)
FINANCIAL COSTS:				
Bank charges	14,867		12,811	
Exchange gain / loss	<u>(28,269)</u>		<u>17,353</u>	
		<u>13,401</u>		<u>(30,165)</u>
		420,624		197,809
Interest receivable		46,841		33,043
Interest charges		(56,474)		(84,449)
Facility charges		<u>(25,599)</u>		<u>(18,725)</u>
PROFIT / (LOSS) FOR THE YEAR		<u><u>385,392</u></u>		<u><u>127,678</u></u>

AVT NATURAL EUROPE LIMITED

CORPORATION TAX COMPUTATION
FOR THE YEAR ENDING 31 MARCH 2021

Profit / (Loss) per accounts		\$	\$
			385,392
Add:	Depreciation charges	2,348	
	Entertaining expenses	39	
Less:	Interest received	(46,841)	
	Profit on disposal of fixed assets	(456)	
	Capital Allowances - see below	<u>(7,023)</u>	
			<u>(51,934)</u>
Trading profit / (loss) for the year			<u><u>333,458</u></u>
Represented by :			
	- Trade of manufacture and supply of tea products		239,867
	- Trade of manufacture and supply of animal feed (new trade)		46,750
	- Non-trade loan relationship credits		<u>46,841</u>
			<u><u>333,458</u></u>
Trade of manufacture and supply of tea products		239,867	
Trading losses B/F - all pre 1 April 2019		<u>(90,391)</u>	
Trading losses attributable to tea products carried forward			<u><u>(750,524)</u></u>
	- Trade of manufacture and supply of animal feed	46,750	
	- Non-trade loan relationship credits	<u>46,841</u>	
Trading profits subject to corporation tax at 19%			<u><u>93,591</u></u>
Corporation tax payable at 19%			<u><u>17,782.37</u></u>
Capital allowances computations:	General		Allowances
	pool		
	\$		\$
Written down value B/F	0		
Sales proceeds	(456)		
Less: balancing charge	<u>456</u>		(456)
	0		
Additions during year - computer & office equipment	3,318		
Additions during year - fixture & fittings	<u>4,162</u>		
	7,479		
Less: Annual Investment Allowance	<u>(7,479)</u>		7,479
	0		
			<u><u>7,023</u></u>
Written down value C/F @ 31.03.2021	<u><u>0</u></u>		

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