EAST AFRICAN TEA INVESTMENTS
(FORMERLY RWANDA TEA INVESTMENTS)
(Charity Number: SC043093)
(Company Number: SC415526)

DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
(a company limited by guarantee and not having share capital)

31 MARCH 2014

EAST AFRICAN TEA INVESTMENTS
DIRECTORS' ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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EAST AFRICAN TEA INVESTMENTS
LEGAL AND ADMINISTRATIVE INFORMATION

DIRECTORS

Sir Ian C Wood
Graham Good
Peter Hesketh
Justin Highstead

COMPANY SECRETARY

Alistair Buchan

ORGANISATION

The day to day management of the charity is delegated to Sir Ian Wood, Chairman

REGISTERED OFFICE

Blenheim House
Fountainhall Road
ABERDEEN
AB15 4DT

AUDITORS

Anderson Anderson & Brown LLP
9 Queens Road
ABERDEEN
AB15 4YL

BANKERS

Clydesdale Bank
Riverside Branch
Unit 19 North Esplanade West
ABERDEEN
AB11 5RJ

SOLICITORS

Turcan Connell
Princes Exchange
1 Earl Grey Street
EDINBURGH
EH3 9EE

The Directors submit their report and the audited financial statements of East African Tea Investments ("EATI") for the year to 31 March 2014. The company name was changed from Rwanda Tea Investments ("RTI") to reflect the expansion into other areas in East Africa.

Legal and administrative information set out on the previous page forms part of this report. The financial statements comply with current statutory requirements and the Statement of Recommended Practice - Accounting and Reporting by Charities (revised March 2005).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of Governing Document

East African Tea Investments is a recognised charity in Scotland (charity number SC043093) governed by its Memorandum and Articles of Association.

Organisational Structure

The board of Directors administer the charitable company. Sir Ian Wood, Chairman, manages the day to day operations of the charitable company.

The Company's governing document is its Memorandum and Articles of Association.

Recruitment and Appointment of Directors

The powers for appointment and removal of Directors are set out in the Articles of Association.

It is the charitable company's policy to seek to appoint Directors who have a specific interest in its objects or whose skills can complement those already in place.

Induction and Training of Directors

The Directors have been given appropriate information and training regarding their legal roles and responsibilities upon appointment to the Board.

Risk Management

The Directors have assessed the major risks to which the charitable company is exposed, in particular those related to the operations and finance of the Charity and are satisfied that systems are in place to manage the exposure to major risk.

OBJECTIVES AND ACTIVITIES

East African Tea Investments chosen objectives are:

(i) To promote and advance for the public benefit the prevention or relief of poverty and the advancement of citizenship or community development through, in particular, without prejudice to the foregoing generality, the encouragement and promotion of sustainable development; and

(ii) The regeneration of communities, the maintenance or improvement of infrastructure of disadvantaged communities, and assisting disadvantaged communities in East Africa, all by providing seedcorn finance, professional support and other assistance to such communities or to disadvantaged individuals in such communities in setting up and running their own businesses for the benefit of the community or by establishing and running such businesses itself in order to provide employment, training and other opportunities for the benefit of those in need by reason of disadvantage and in furtherance of community development and regeneration in disadvantaged communities in East Africa.

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2014.

ASSESSMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the charitable company relate to climatic conditions, global tea prices and political stability. These risks are mitigated by choosing areas with a good history of tea growing conditions and ensuring adequate levels of reserves are maintained to enable the charitable company to withstand any downturn.

EXECUTIVE SUMMARY

East African Tea Investments ("EATI) is a jointly controlled charitable company, set up during January 2012. It is a joint venture by The Wood Foundation, established by Sir Ian Wood and family in 2007, and the Gatsby Charitable Foundation, a foundation set up by Lord David Sainsbury in 1967.

CHARITABLE ACTIVITIES AND FINANCIAL COMMITMENTS MADE DURING THE 2013/14 YEAR:

EATI supports the Imbarutso project, which is The Wood Foundation and Gatsby Charitable Foundation's second Making Markets Work for the poor project in the Tea sector in Sub Saharan Africa, launched in March 2011 and managed by The Wood Foundation.

Imbarutso's aims are as follows:

- Increasing smallholder tea farmers net income
- Turning smallholder tea farmers into viable and efficient Micros & Small Enterprises (MSE's)
- Increasing the competitiveness of the sector

In fulfilling the objectives set out above, EATI successfully completed a privatisation deal with the Government of Rwanda on 6 December 2012 for the majority ownership and management control of two tea factories (Mulindi and Shagasha). Approximately 12,000 smallholder farmers are shareholders (via farmer co-operatives), with combined minority shareholdings in the factories of 45% and 30% respectively.

It is the intention that The Wood Foundation and Gatsby Charitable Foundation, through EATI, will transfer the shares held in both factories, at nil consideration, to the farmers' co-operatives after a period of 7 years, or once EATI recovers its shareholder loans and original investment and when certain KPIs have been achieved in the development of the co-operatives' business and governance performance, whichever is the later.

The Kenya Tea Development Agency, with support from The Wood Foundation Africa (TWFA), act as operational managers of both factories reporting to each factory board, with a plan to train East Africans to assume overall factory management.

Both factories deliver professional management services to the smallholder farmers with the aim of increasing, yield, quality and Greenleaf price.

PLANS FOR FUTURE YEAR

The business plan for the 2014/2015 year is a continued focus on business stabilisation and efficiency improvement, as well as ensuring the services to farmers are being effectively delivered by the factories. Once this is achieved EATI will look at recovering its shareholder loans and original investment, at no profit, over a period of time.

FINANCIAL REVIEW

The net incoming resources for the year, amounting to £0.738m (2013 - £6.881m) have been dealt with as shown in the Statement of Financial Activities.

The Directors have prepared financial statements which are in accordance with current statutory requirements, the Memorandum and Articles of Association and the 2005 Statement of Recommended Practice - Accounting and Reporting by Charities.

The income of the Charity for the year ending 31 March 2014 was £7.964m (2013 - £7.348m) which includes £1.177m (2013 - £6.908m) of donations received from The Wood Foundation and Gatsby Charitable Foundation and £6.787m (2013 - £0.439m) of incoming resources from charitable activities. Charitable expenditure for the year was £7.226m (2013 - £0.467m) which comprises £7.077m (2013 - £0.580m) of resources expended from charitable activities, £133,000 (2013 - (£130,000)) of support costs (including a loss on foreign exchange of £284,000 (2013 - gain of £80,000)) and negative goodwill of £160,000 (2013 - £62,000) with governance costs for the year amounting to £16,000 (2013 - £17,000).

RESERVES

The Directors will maintain a level of free reserves to enable the charity to sustain its charitable activities.

PROVISION 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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

AUDITORS

Anderson, Anderson & Brown LLP have expressed their willingness to continue in office and a resolution proposing their re-appointment will be submitted at the annual general meeting.

The trustees report and strategic report was approved by the board of director and signed on its behalf.

.....
Director - Sir Ian Wood

19/12/2014
.....
Date

EAST AFRICAN TEA INVESTMENTS
DIRECTORS' RESPONSIBILITIES STATEMENT

The directors (who are also trustees of East African Tea Investments for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company and charity law requires the directors to prepare the financial statements for each year.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the company and the group and of the incoming resources and application of resources of the company and the group for that year. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF EAST AFRICAN TEA INVESTMENTS

We have audited the financial statements of East African Tea Investments for the year ended 31 March 2014, set out on pages 8 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's directors and 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 charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors (who are also the trustees of the charitable company for the purpose of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2014 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, 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, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF EAST AFRICAN TEA INVESTMENTS (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

John A Black

John Black (Senior Statutory Auditor)

For and on behalf of Anderson Anderson & Brown LLP
Statutory Auditor
Aberdeen
19 DECEMBER 2014

Anderson Anderson & Brown LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Unrestricted funds £'000	Restricted funds £'000	2014 Total Funds £'000	2013 Total funds £'000
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income - UK	2	-	1,177	1,177	6,908
Investment income - UK	3	-	-	-	1
Incoming resources from charitable activities - Africa	4	6,787	-	6,787	439
TOTAL INCOMING RESOURCES		6,787	1,177	7,964	7,348
RESOURCES EXPENDED					
Charitable activities	5	7,077	133	7,210	450
Governance costs	6	-	16	16	17
TOTAL RESOURCES EXPENDED		7,077	149	7,226	467
NET MOVEMENT IN FUNDS BEFORE MINORITY INTERESTS	8	(290)	1,028	738	6,881
Minority interests		209	-	209	72
NET MOVEMENT IN FUNDS FOR THE FINANCIAL YEAR		(81)	1,028	947	6,953
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2014					
Net movement in funds for the financial year		(81)	1,028	947	6,953
Minority interest movement	19	(209)	(272)	(481)	4,867
Movement on foreign exchange of net investment in overseas operations	19	-	(1,351)	(1,351)	145
Revaluation reserve movement		-	75	75	-
Total recognised gains and losses relating to the year		(290)	(520)	(810)	11,965
RECONCILIATION OF FUNDS					
Total funds brought forward		(140)	12,105	11,965	-
Total funds carried forward	19	(430)	11,585	11,155	11,965

All activities relate to continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

EAST AFRICAN TEA INVESTMENTS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2014

		Unrestricted funds £'000	Restricted funds £'000	2014 Total funds £'000	2013 Total funds £'000
INCOMING RESOURCES					
Incoming resources from generated funds					
Voluntary income - UK	2	-	1,177	1,177	6,908
Investment income - UK	3	208	-	208	33
TOTAL INCOMING RESOURCES		208	1,177	1,385	6,941
RESOURCES EXPENDED					
Charitable activities	5	-	285	285	(73)
Governance costs	6	-	16	16	17
TOTAL RESOURCES EXPENDED		-	301	301	(56)
NET MOVEMENT IN FUNDS CARRIED FORWARD	8	208	876	1,084	6,997
RECONCILIATION OF FUNDS					
Total funds brought forward	19	33	6,964	6,997	-
Total funds carried forward	19	241	7,840	8,081	6,997

The company has made no gains or losses other than as reported above.

All activities relate to continuing operations.

The notes on pages 13 to 27 form part of these financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
CONSOLIDATED BALANCE SHEET - 31 MARCH 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Intangible fixed assets			
Positive goodwill	13	31	103
Negative goodwill	13	(609)	(883)
Tangible fixed assets	14	10,394	11,369
		9,816	10,589
CURRENT ASSETS			
Stocks	15	1,224	1,925
Debtors	16	797	395
Cash at bank and in hand		1,084	934
		3,105	3,254
CREDITORS: *amounts falling due within one year*	17	(1,607)	(1,878)
NET CURRENT ASSETS		1,498	1,376
TOTAL ASSETS LESS CURRENT LIABILITIES		11,314	11,965
CREDITORS: *amounts falling due after more than one year*	17	(128)	-
PROVISIONS FOR LIABILITIES AND CHARGES			-
Deferred taxation	18	(31)	
NET ASSETS		11,155	11,965
FUNDS			
Unrestricted			
General	19	(149)	(68)
Minority interests	19	(281)	(72)
		(430)	(140)
Restricted			
Tea Charitable Investment Fund	19	8,049	7,021
Minority interests	19	4,667	4,939
Exchange reserve	19	(1,206)	145
Revaluation reserve		75	-
		11,585	12,105
TOTAL FUNDS		11,155	11,965

Signed on behalf of the Board of Directors

.....
Director - Sir Ian Wood

19/12/2014
.....
Date

The notes on pages 13 to 27 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS
COMPANY NUMBER: SC415526
BALANCE SHEET - 31 MARCH 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	11	5,654	5,654
CURRENT ASSETS			
Debtors	16	2,417	1,706
Cash at bank and in hand		674	763
		3,091	2,469
CREDITORS: *amounts falling due within one year*	17	(664)	(1,126)
NET CURRENT ASSETS		2,427	1,343
NET ASSETS		8,081	6,997
FUNDS			
Unrestricted funds	19	241	33
Restricted funds	19	7,840	6,964
		8,081	6,997

Signed on behalf of the Board of Directors

.....
Director - Sir Ian Wood

19/12/2014
.....
Date

The notes on pages 13 to 27 form part of the financial statements.

EAST AFRICAN TEA INVESTMENTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014

	Note	2014	2013 £'000
Net cash inflow from operating activities			
Net incoming resources for the year		738	6,881
Depreciation of tangible fixed assets		783	192
Decrease/(increase) in stocks		701	(1,833)
Increase in debtors		(385)	(395)
Decrease/(increase) in creditors		(300)	1,220
Consumption of biological assets		141	-
Amortisation of positive goodwill		6	5
Amortisation of negative goodwill		(160)	(62)
Foreign exchange arising on consolidation		117	(20)
		1,641	5,988
Returns on investment and servicing of finance			
Interest received		-	1
		1,641	5,989
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,662)	(59)
Acquisition		-	(4,996)
		(1,662)	(5,055)
Financing			
Receipt of new bank loan		171	-
Increase in cash in the year	20	150	934

1. ACCOUNTING POLICIES

(a) *Basis of financial statements preparation*

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice - Accounting and Reporting by Charities (revised 2005).

(b) *Going concern*

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) *Consolidation*

These financial statements consolidate the accounts of East African Tea Investments, Mulindi Factory Company and Shagasha Tea Company. The results of subsidiaries acquired during the year are included from the effective date of acquisition.

(d) *Acquisition accounting*

Business combinations are accounted for by acquisition accounting. The identifiable assets and liabilities of the companies acquired are included in the group's consolidated balance sheet and at their fair value at the date of acquisition. The results and cash flows of the acquired companies are brought into the group financial statements only from the date of acquisition. The difference between the fair value of the net identifiable assets acquired and the fair value of the purchase consideration is treated as either positive or negative goodwill and is amortised on a straight-line basis, over its useful economic life.

(e) *Incoming resources*

i) Donations and legacies

Donations and legacies are included in the Statement of Financial Activities in the year in which they are receivable.

ii) Investment income

Income from investments is included in the Statement of Financial Activities in the year in which it is receivable. Investment income includes the computed tax credit and tax deducted at source.

1. ACCOUNTING POLICIES (continued)

(f) *Resources expended*

Liabilities are recognised when the charity has an obligation to make a payment to a third party.

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT.

Expenditure is directly attributed to the relevant category in the Statement of Financial Activities where practical.

Costs of generating funds comprise those costs directly attributable to managing the investment portfolio and raising investment income.

Grants or instalments of grants offered in connection with projects with institutions are charged to the Statement of Financial Activities in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attached are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as contingent liabilities, but not accrued as expenditure.

Governance costs include those costs incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

(g) *Taxation*

The Company is recognised by HM Revenue & Customs as a charity and, as a consequence of the tax reliefs available in relation to current year income, is not liable to taxation.

In the trading subsidiaries current tax is based on assessable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes or includes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that are enacted or substantively enacted by the balance sheet date.

(h) *Fixed asset investments*

Fixed asset investments are included at market value at the year end. Gains and losses on disposal or revaluation of investments are charged or credited to the Statement of Financial Activities and form part of the fund in which the asset is held.

(i) *Intangible fixed assets*

Goodwill arising on the acquisition of subsidiary undertakings is capitalised and amortised on a straight line basis over its useful economic life, which is 5 years, the year over which, in the opinion of the directors, the company will derive direct economic benefit from the goodwill acquired as part of that business. The group tests goodwill for impairment if there are indications that the goodwill might be impaired and provision would be made for any impairment identified in this review.

1. ACCOUNTING POLICIES (continued)

(j) *Tangible fixed assets and depreciation*

The cost of fixed assets is their purchase cost together with any directly related costs of acquisition. Tangible fixed assets are stated at cost less aggregate depreciation.

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Freehold buildings	40 years
Plant & machinery	3 years and 10 years
Biological assets	Not depreciated

Biological assets held by the factories are subject to annual revaluation and are shown at that valuation. They have not been depreciated as, in the opinion of the directors, biological transformation is best reflected by fair value measurement and any other method of valuation would not give a true and fair view. Although this does not follow UK GAAP, it is the treatment required under International Financial Reporting Standards.

(k) *Stocks*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items.

(l) *Leasing and hire purchase commitments*

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the Statement of Financial Activities over the period of the lease.

Rentals paid under operating leases are charged to income on straight-line basis over the lease term.

(m) *Foreign currencies*

Assets, liabilities, revenues and costs denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the year-end rate of exchange. The resulting profits or losses are dealt with in the Statement of Financial Activities.

(n) *Joint arrangements*

Where the charity enters into a joint arrangement, such that it carries out activities in partnership with other bodies, without forming a separate legal partnership, then the charity's gross share of the incoming resources and resources expended and the assets and liabilities are included in the financial statements.

(o) *Funds*

Unrestricted funds include incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds. These funds can be used in accordance with the charitable objects at the discretion of the directors.

Restricted funds are to be used for specific purposes as laid down by the donor.

1. ACCOUNTING POLICIES (continued)

(p) *Pensions*

Eligible employees are members of defined contribution pension schemes. Pension costs charged to the Statement of Financial Activities represents the contributions payable by the Group in the year.

2. VOLUNTARY INCOME

	2014		2013	
	Group	**Company**	**Group**	**Company**
	£'000	£'000	£'000	£'000
Donations - restricted	1,177	1,177	6,908	6,908
	1,177	1,177	6,908	6,908

In addition to the above the Company benefits from certain administrative and finance functions from JW Holdings Ltd which are provided without charge.

3. INVESTMENT INCOME

	2014		2013	
	Group	**Company**	**Group**	**Company**
	£'000	£'000	£'000	£'000
Bank interest receivable	-	-	1	1
Loan interest receivable	-	208	-	32
	-	208	1	33

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Incoming resources and resources expended in respect of charitable activities relate to the operation of the tea factories in East Africa through the subsidiary companies as follows:

Group	**2014** Mulindi Factory Company £'000	**2014** Shagasha Tea Company £'000	**2014** Incoming resources £'000	**2014** Resources expended £'000
Turnover	4,280	2,480	6,760	
Movement in biological assets	71	4	75	
Cost of sales	(3,555)	(2,474)		(6,029)
	796	10		
Other income	14	2	16	
Distribution costs	(123)	(69)		
Administrative expenses	(107)	(95)		(394)
Interest receivable and similar income	10	1	11	
Interest payable and similar charges	(115)	(124)		
Gain/loss on foreign exchange	(75)	(60)		(374)
	400	(335)		
Tax on profit on ordinary activities (note 7)	(136)	99		(37)
Profit/(loss) after taxation	264	(236)		
			6,862	(6,834)
Consolidation adjustments				
Depreciation fair value adjustments			-	(451)
Elimination of intercompany loan interest			-	208
Movement in biological assets reclassified as revaluation reserve			(75)	-
			6,787	(7,077)

4. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES (CONTINUED)

Group	**2013** Mulindi Factory Company £'000	**2013** Shagasha Tea Company £'000	**2013** Incoming resources £'000	**2013** Resources expended £'000
Turnover	278	157	435	
Cost of sales	(216)	(183)		(399)
	62	(26)		
Interest receivable and similar income	4	-	4	
Interest payable and similar charges	(18)	(15)		
Gain/loss on foreign exchange	(2)	(7)		(42)
	46	(48)		
Tax on profit on ordinary activities (note 7)	(14)	-		(14)
Profit/(loss) after taxation	32	(48)		
			439	(455)
Consolidation adjustments				
Depreciation fair value adjustments			-	(157)
Elimination of intercompany loan interest			-	32
			439	(580)

5. CHARITABLE ACTIVITIES

Group	Unrestricted £'000	Restricted £'000	2014 Total £'000	2013 Total £'000
Resources expended from Charitable Activities (note 4)	7,077	-	7,077	580
Support costs:				
Miscellaneous expenses	-	3	3	7
Exchange differences	-	284	284	(80)
Amortisation of positive goodwill	-	6	6	5
Amortisation of negative goodwill	-	(160)	(160)	(62)
	7,077	133	7,210	450

Company	Unrestricted £'000	Restricted £'000	2014 Total £'000	2013 Total £'000
Support costs:				
Miscellaneous expenses	-	1	1	7
Exchange differences	-	284	284	(80)
	-	285	285	(73)

6. GOVERNANCE COSTS

	2014		**2013**	
	Group £'000	**Company** £'000	**Group** £'000	**Company** £'000
Auditors' remuneration	13	13	9	9
Legal	2	2	2	2
Overseas Compliance Services	1	1	6	6
	16	16	17	17

7. TAXATION

	2014		**2013**	
	Group £'000	**Company** £'000	**Group** £'000	**Company** £'000
Overseas corporation tax (30%)	6	-	14	-
Deferred tax charge	31	-	-	-
	37	-	14	-

8. NET MOVEMENT IN TOTAL FUNDS FOR THE YEAR *is stated after charging:*

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Depreciation				
- owned assets	783	-	192	-
Amortisation of positive goodwill	6	-	5	-
Amortisation of negative goodwill	(160)	-	(62)	-
Net exchange differences on foreign currency	284	284	(80)	(80)
Auditors' remuneration				
- audit fees	5	5	9	9

9. STAFF COSTS AND NUMBERS

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Staff costs:				
Wages and salaries	727	-	242	-
Social security	35	-	19	-
	762	-	261	-

The average number of persons employed by the Group and Company during the year was as follows:

	2014		2013	
	Group No	Company No	Group No	Company No
Management & administration	22	-	42	-
Operations	650	-	749	-
	672	-	791	-

There were no employees whose emoluments, excluding pension contributions, totalled over £60,000 during the year.

10. DIRECTORS' EMOLUMENTS AND EXPENSES

The Directors received no remuneration from the Company during the year.

No Directors received expenses from the Company during the year.

11. INVESTMENTS

Investments held in subsidiaries:

	2014 Shares in group undertakings £'000	2013 Shares in group undertakings £'000
Company		
Cost		
At 1 April 2013	5,654	-
Share capital acquired in year	-	5,654
At 31 March 2014	5,654	5,654

The subsidiaries included in investments are as follows:

Name	Country	Percentage Shareholding	Description	Net Assets £'000	Loss/Profit for the year £000
Mulindi Factory Company Limited	East Africa	55%	Operation of tea factories	3,036	249
Shagasha Tea Company Limited	East Africa	60%	Operation of tea factories	2,957	(235)

The investments are held as programme related investments.

Details of the charitable objectives of these investments are included in the directors' report.

12. MINORITY INTEREST

Minority interest in the consolidated statement of financial activities of £209,000 (2013 - £72,000) represents the share of subsidiary undertakings' results for the year which does not belong to the group.

The balance sheet figure at 31 March 2014 of £4,386,000 (2013 - £4,867,000) represents the percentage of the subsidiary undertakings' net assets at that date, which do not belong to the group.

13. INTANGIBLE ASSETS

	Positive goodwill £'000	Negative goodwill £'000	2014 Total goodwill £'000
Cost			
At 1 April 2013	108	(945)	(837)
Movement	(66)	114	48
At 31 March 2014	42	(831)	(789)
Amortisation			
At 1 April 2013	5	(62)	(57)
Charge/(credit) for year	6	(160)	(154)
At 31 March 2014	11	(222)	(211)
Net book value			
At 31 March 2014	31	(609)	(578)
At 31 March 2013	103	(883)	(780)

The goodwill recognised represents the difference in the group's share of the fair value of the assets acquired in Mulindi Factory Company Limited and Shagasha Tea Company Limited and the consideration paid to acquire the assets.

The movement in goodwill in the year represents the group's share of the fair value adjustment in biological assets.

14. TANGIBLE FIXED ASSETS

Group	Freehold land & buildings £'000	Plant & machinery £'000	Biological assets £'000	Total £'000
Cost or valuation				
At 1 April 2013	4,840	4,792	1,927	11,559
Fair value adjustment	-	-	(71)	(71)
Consumption	-	-	(141)	(141)
Revaluation	-	-	75	75
Additions	290	1,372	-	1,662
Foreign exchange movement	(734)	(810)	(267)	(1,811)
At 31 March 2014	4,396	5,354	1,523	11,273
Depreciation				
At 1 April 2013	29	161	-	190
Charge for year	90	693	-	783
Foreign exchange movement	(12)	(82)	-	(94)
At 31 March 2014	107	772	-	879
Net book value				
At 31 March 2014	4,289	4,582	1,523	10,394
At 31 March 2013	4,811	4,631	1,927	11,369

The biological assets were revalued in the year by the Directors using a net cashflow based model. If they were not revalued they would be included at historical cost of £1,448,000.

15. STOCKS

	Group 2014 £'000	Group 2013 £'000
Made tea	1,048	1,693
Other	176	232
	1,224	1,925

16. DEBTORS

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade debtors	780	-	395	-
Amounts due from subsidiaries	-	240	-	32
Loan to subsidiary undertakings	-	2,177	-	1,674
Corporation tax	17	-	-	-
	797	2,417	395	1,706

East African Tea Investments has made loans to the tea factories for working capital and capital expenditure purposes. These loans bear interest at 12 month USD LIBOR + 10% and have no fixed terms of repayment.

17. CREDITORS: *amounts falling due within one year*

	2014		2013	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors	601	-	719	-
Amounts due to related undertakings	-	-	452	452
Corporation tax	-	-	14	-
Other creditors	957	658	678	659
Accruals and deferred income	6	6	15	15
Bank loans	43	-	-	-
	1,607	664	1,878	1,126

CREDITORS: *amounts falling due more than one year*

Bank loans	128	-	-	-

The bank loans attract interest of 5.9% and are repayable in monthly instalments over 3 years. They are secured by a charge against certain of the group's assets.

18. PROVISION FOR LIABILITIES AND CHARGES

	Group 2014 £'000	Group 2013 £'000
At 1 April 2013	-	-
Movement in the year	31	-
At 31 March 2014	31	-

The deferred tax asset recognised relates to tax losses carried forward.

19. MOVEMENT IN FUNDS

Group	At 31 March 2013 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2014 £'000
Unrestricted					
General fund	(68)	6,787	(7,077)	209	(149)
Minority interests	(72)	-	-	(209)	(281)
	(140)	6,787	(7,077)	-	(430)
Restricted					
Tea charitable investment fund	7,021	1,177	(149)	-	8,049
Minority interests	4,939	-	-	(272)	4,667
Foreign exchange reserve	145	-	-	(1,351)	(1,206)
Revaluation reserve	-	-	-	75	75
	12,105	1,177	(149)	(1,548)	11,585
Total	11,965	7,964	(7,226)	(1,548)	11,155

Company	At 31 March 2013 £'000	Incoming resources £'000	Resources expended £'000	Other movement £'000	At 31 March 2014 £'000
Unrestricted					
General fund	33	208	-	-	241
Restricted					
Tea charitable investment fund	6,964	1,177	(301)	-	7,840
Total	6,997	1,385	(301)	-	8,081

Unrestricted funds are generated by trading activities along with interest receivable on investments.

Restricted funds relate to funds received for the investment in tea factories in East Africa together with reserves which have arisen as a result of this investment.

19. MOVEMENT IN FUNDS (continued)

Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	2014 Total funds £'000	2013 Total Funds £'000
Group				
Intangible fixed assets	-	(578)	(578)	(780)
Tangible fixed assets	-	10,394	10,394	11,369
Net current assets	(430)	1,928	1,498	1,376
Creditors due in more than one year	-	(159)	(159)	-
At 31 March 2014	(430)	11,585	11,155	11,965
Company				
Investments	-	5,654	5,654	5,654
Net current assets	241	2,186	2,427	1,343
At 31 March 2014	241	7,840	8,081	6,997

20. ANALYSIS OF CHANGES IN CASH IN YEAR

	2014		2013	
	Group £'000	**Company** £'000	**Group** £'000	**Company** £'000
Cash at bank and in hand at 1 April 2013	934	763	-	-
Increase in cash and cash equivalents	150	(89)	934	763
31 March 2014	1,084	674	934	763

21. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 March 2013 £'000	Cash flow £'000	Non cash changes £'000	At 31 March 2014 £'000
Cash at bank and in hand	934	150	-	1,084

	At 1 January 2013 £'000	Cash flow £'000	Non cash changes £'000	At 31 March 2013 £'000
Cash at bank and in hand	-	934	-	934

22. RELATED PARTY TRANSACTIONS

Control

Throughout the year the Company was controlled by the Board of Directors.

Transactions

During the year the Company had the following transactions with related parties:

Related party	Transaction	£'000	Balance at year end £'000
The Wood foundation	Donations - restricted	589	-
Gatsby Charitable Foundation	Donations - restricted	588	-

The Wood Foundation and Gatsby Charitable Foundation are shareholders of East African Tea Investments

Sir Ian C Wood and Graham Good are Trustees of The Wood Foundation Africa.

23. LEGAL STATUS

East African Tea Investments is a company limited by guarantee and not having a share capital. The members' liability in the event of winding up is limited by guarantee not exceeding £1 per member.

The following statement does not form part of

the audited financial statements of the charitable company

EAST AFRICAN TEA INVESTMENTS
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £000	2013 £'000
Grants received	1,177	6,908
Loan interest receivable	208	33
	1,385	6,941
Overheads		
Professional fees	16	17
Exchange differences	284	(80)
Miscellaneous	1	7
	301	(56)
Surplus for year	1,084	6,997