

JING TEA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
for the 18 month period ended
31 December 2018



JING TEA LIMITED

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JING TEA LIMITED

Directors	Tom Franks, FCA (2 February 2018) Susan Walker, FCCA (2 February 2018) Edward Eisler
Company Secretary	Louise Eisler
Independent Auditor	Deloitte LLP 1 New Street Square London EC4A 3PA United Kingdom
Registered Office	Linton Park Linton Maidstone Kent ME17 4AB United Kingdom
Registered Number	05142045

The Directors present their strategic report for the 18 month period ended 31 December 2018.

Business review

The Company continues to source and sell the finest quality teas and tea-related products and is expected to do so in the future. The results for the period and the financial position of the Company are as shown in the attached financial statements. In February 2018 Camellia Plc group bought a controlling stake in the Company from its founder and Chairman, Edward Eisler. This has resulted in an extended 18 month accounting period for JING Tea Limited to align with Camellia Plc's reporting calendar.

For the 18 month period, prorated revenue decreased by 4.8% as compared to the 12 months ended 31 December 2017. Gross profit increased by 0.2% to 48.4%, whilst prorated operating expenses increased by 45% in line with the Company's investment strategy.

Principal risks and uncertainties and key performance indicators

As a majority owned subsidiary of Camellia Plc group, the principal risks and uncertainties, key performance indicators, strategy and business model are in line with those of the group as a whole as disclosed in respect of Food Service. A review of the principal risks and uncertainties, strategy and business model of the Camellia Plc group can be found in Camellia Plc's 2018 annual report on pages 19 to 24.

The key performance indicators that the Board reviews are turnover (£6.00m, 2017: £4.21m), gross profit percentage (48.4%, 2017: 48.2%), operating profit (loss £430,749, 2017: profit £497,172) and budgetary variances.

<i>Risk</i>	<i>Potential Impact</i>	<i>Mitigation</i>
Key customer dependence	Losing a major customer.	Diversification of the customer base and careful customer relationship management.
Brexit	Increased duties / export costs. Requirement to hold additional stock. Short term revenue risk.	Maximise direct supply routes from outside UK / EU. Closely aligned planning with key customers & distributors.
IT Systems	Interruption to services for customers and the business.	Implementation of a disaster recovery plan and offsite backup servers.

This report was approved by order of the board on 7 June 2019



Susan Walker
Director

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements for the 18 month period ended 31 December 2018.

Principal Activities

The principal activity of the company is the sourcing and selling of the finest quality tea and tea-related products to customers around the world.

Results and dividends

The loss for the period ending 31 December 2018 amounted to £436,062 (2017: profit £388,697). A dividend of £614,926 (2017: £140,000) was paid during the period. The Directors have not proposed a final dividend for the period.

Directors

The Directors of the Company that served during the period and up to the date of signing, are listed on page one. Tom Franks and Susan Walker were both appointed on 2 February 2018.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the company's ability to continue as a going concern.

REPORT OF THE DIRECTORS (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Auditors

A resolution proposing the re-appointment of Deloitte LLP will be put to the forthcoming annual general meeting.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware. Each director has taken all the steps that he ought to have taken as a director, including making enquiries of fellow directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Future developments

A statement on future developments is included in the Strategic Report. There have been no post balance sheet events requiring disclosure in these financial statements.

Going concern

Taking account of the Company's cash and cash equivalents balances, after reviewing the Company's budget for 2019 and cash forecasts for the next 15 months and taking account of a confirmation received from its parent company that borrowings will not be demanded for at least 12 months from the signing of the accounts unless cashflows allow it, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The Group regularly monitors the risks at a local and central level. Information on the Company's identified risks are disclosed in note 15 to the financial statements.

This report was approved by order of the board on 7 June 2019.



Susan Walker
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JING TEA LIMITED
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Jing Tea Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JING TEA LIMITED
(continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

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.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JING TEA LIMITED
(continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Howe, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

7 June 2019

JING TEA LIMITED**STATEMENT OF COMPREHENSIVE INCOME**
for the period ended 31 December 2018

	Note	18 months ended 31-Dec-18 £	12 months ended 30-Jun-17 £
Continuing operations			
Revenue	2	6,005,248	4,206,337
Cost of sales		(3,098,579)	(2,178,903)
Gross profit		2,906,669	2,027,434
Net operating expenses	3	(3,337,418)	(1,530,262)
Operating (loss)/profit		(430,749)	497,172
Net finance expense		(5,313)	(8,123)
(Loss)/profit before tax from continuing operations		(436,062)	489,049
Taxation	5	-	(100,352)
(Loss)/profit after tax from continuing operations		(436,062)	388,697
Other comprehensive income:		-	-
Total comprehensive (loss)/income for the period/year		(436,062)	388,697

JING TEA LIMITED

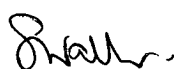
BALANCE SHEET

as at 31 December 2018

	Note	2018	2017
		£	£
ASSETS			
Non-current assets			
Intangible Assets	6	6,669	28,639
Property, plant and equipment	7	<u>90,682</u>	<u>-</u>
Total non-current assets		97,351	28,639
Current assets			
Inventories	8	702,829	614,861
Trade and other receivables	9	940,543	1,008,044
Cash and cash equivalents (exc. bank overdrafts)		<u>124,718</u>	<u>716,507</u>
Total current assets		<u>1,768,091</u>	<u>2,339,412</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,374,699	1,242,763
Current income tax liabilities		-	83,557
Borrowings	10	<u>500,000</u>	<u>-</u>
Total current liabilities		<u>1,874,699</u>	<u>1,326,320</u>
Net current (liabilities)/assets		<u>(106,608)</u>	<u>1,013,092</u>
Total assets less current liabilities		<u>(9,257)</u>	<u>1,041,731</u>
Net (liabilities)/assets	2	<u>(9,257)</u>	<u>1,041,731</u>
EQUITY			
Share capital	12	760	760
Share Premium Reserve		99,750	99,750
Capital Redemption Reserve		240	240
Retained (loss)/earnings		<u>(110,007)</u>	<u>940,981</u>
Total (deficit)/equity		<u>(9,257)</u>	<u>1,041,731</u>

The notes on pages 13 to 33 form part of the financial statements.

The Financial statements on pages 9 to 33 were approved on 7 June 2019 by the Board of Directors and signed on their behalf by:



Susan Walker

Director

Registered number: 05142045

JING TEA LIMITED**STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2018**

	Share capital £	Share Premium Reserve £	Capital Redemption Reserve £	Retained (loss)/ earnings £	Total equity £
At 1 July 2016	760	99,750	240	692,284	793,034
Total comprehensive income for the year	-	-	-	388,697	388,697
Dividends	-	-	-	(140,000)	(140,000)
At 1 July 2017	760	99,750	240	940,981	1,041,731
Total comprehensive (loss) for the period	-	-	-	(436,062)	(436,062)
Dividends	-	-	-	(614,926)	(614,926)
At 31 December 2018	760	99,750	240	(110,007)	(9,257)

JING TEA LIMITED**CASH FLOW STATEMENT****for the period ended 31 December 2018**

	Note	2018 £	2017 £
Cash generated from operations			
Cash flows (used in)/from operating activities	13	(284,158)	913,609
Interest paid		(5,313)	(8,123)
Taxes paid		(83,557)	(42,603)
Net cash flow (used in)/from operating activities		(373,028)	862,883
Cashflows (used in)/from investing activities			
Purchases of property, plant and equipment		(103,834)	-
Proceeds from disposal of property, plant and equipment		-	3,835
Net cash flow (used in)/from investing activities		(103,834)	3,835
Cashflows (used in)/from financing activities			
Dividends paid		(614,927)	(140,000)
Proceeds from long-term borrowings		500,000	-
Loan repayments		-	(100,000)
Net cash flow (used in)/from financing activities		(114,927)	(240,000)
Net (decrease)/increase in cash and cash equivalents		(591,789)	626,718
Cash and cash equivalents at beginning of period		716,507	89,789
Cash and cash equivalents at end of period		124,718	716,507
Cash and cash equivalents included in the cash flow statement comprise the following: -			
Cash at bank and in hand		124,718	716,507

For the purposes of the cashflow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2018

GENERAL INFORMATION

Jing Tea Limited (the Company) is a private company limited by shares, registered in England and Wales and incorporated in the United Kingdom under the Companies Act 2006. The address of the Company's registered office is set out at page 2.

The principal activities of the Company and the nature of its operations are set out in the strategic report on page 3.

1. ACCOUNTING POLICIES

The principal accounting policies in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost and going concern basis.

b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes.

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- identify contracts with customers
- identify the separate performance obligations
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations

Revenue is recognised at the point in time that control of goods is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

c) Intangible Assets - website

Website: license and build/design are capitalised on the basis of costs incurred to acquire and bring to use. Website build / design costs are held at cost and are amortised on a straight-line basis over 3 years.

Costs associated with the hosting and maintenance of the website are recognised as an expense as incurred. Any significant development costs which are expected to generate economic benefit exceeding costs beyond one year, are recognised as an intangible asset and amortised over estimated useful life.

d) Property, plant and equipment

Property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets. On transition to IFRS, the Company has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation of assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

Rates of depreciation are:

Equipment and office furniture	3 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the statement of comprehensive income.

Leases:

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

f) Financial assets

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses ('ECL') on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- significant deterioration in external market indicators of credit risk for a particular financial instrument
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- an actual or expected significant deterioration in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that different default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) a disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in reserves, and does not reduce the carrying amount of the financial asset in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

h) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i) Borrowings

Interest-bearing loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

j) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

k) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The company liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

l) Employee benefits

The Company partakes in a defined contribution pension scheme.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate fund.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an accrual.

m) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

n) Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

o) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be relevant, including expectations of future events that are believed to be reasonable under the circumstances.

i) Significant judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

ii) Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

Transition to IFRS: On the 1st July 2016 the Company adopted International Financial Reporting Standards. This is the first set of Financial Statements prepared under these standards. This adoption has had no material impact on the current period or prior period.

IFRS 9 was adopted without restating comparative information and its adoption has not had an impact on the financial assets of the Company.

IFRS 15 Revenue Recognition was adopted without restating comparative information.

The IASB has issued a new standard for the recognition of revenue. This has replaced IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied when recognising revenue:

- identify contracts with customers.
- identify the separate performance obligation.
- determine the transaction price of the contract.
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue.

The adoption of IFRS 15 has not had a material impact on the financial statements of the Company as the Company's revenue recognition practices are in line with IFRS 15 in all material respects.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2018

1. ACCOUNTING POLICIES (continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Company has reviewed all of the Company's leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating leases. As at the reporting date, the Company has non-cancellable operating lease commitments of £426,831, see note 14. Of these commitments, £nil relate to short-term leases and £nil to low value leases. The Company expects to recognise right-of-use assets of £381,732 on 1 January 2019 and lease liabilities of £381,732 (after adjustments for prepayments and accrued lease payments recognised as at 31 December 2018).

The Company expects that profit before tax from continuing operations will decrease by £6,670 for 2019 as a result of adopting the new rules. Operating cash flows will increase, and financing cash flows decrease by £94,382 as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Company will apply the standard from its mandatory adoption date of 1 January 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the period prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Annual improvements to IFRS Standards 2015-2017 Cycle

Amendments to IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to the distributed and undistributed profits.

JING TEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 31 December 2018

	18 months ended 31-Dec-18 £	12 months ended 30-Jun-17 £
2. BUSINESS AND GEOGRAPHICAL SEGMENTS		
Revenue		
The Company derives revenue from the transfer of goods in the following major geographical regions:		
Sales of Tea and Tea-related products		
Europe	3,400,697	2,285,544
Asia	1,742,597	1,338,766
Other	861,954	582,028
Recognised at a point in time	6,005,248	4,206,337
Net Assets		
The following is an analysis of the carrying amount of segment assets analysed by geographical area in which the assets are located:-		
Europe	(67,326)	938,391
Asia	40,635	92,199
North America	17,435	11,141
	(9,257)	1,041,731
3. OPERATING PROFIT	31-Dec-18 £	30-Jun-17 £
Is stated after charging:		
Depreciation of tangible assets	13,152	8,031
Amortisation of intangible assets	21,970	14,663
Company's auditors - statutory audit	20,000	6,250
Cost of inventories recognised as an expense (included in cost of sales)	2,410,969	1,755,301
Operating lease payments - property	146,865	79,619
Employee costs	1,700,324	769,875

JING TEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period ended 31 December 2018**

	31-Dec-18	30-Jun-17
	£	£
4. EMPLOYEES AND DIRECTORS		
Staff costs:		
Wages and salaries	1,522,241	695,271
Social security costs	162,231	72,390
Other pension costs	<u>15,852</u>	<u>2,214</u>
	<u>1,700,324</u>	<u>769,875</u>
	Number	Number
The monthly average number of persons employed by the company was:		
Directors	3	1
Management and administration	11	10
Sales and distribution	<u>15</u>	<u>14</u>
	<u>29</u>	<u>25</u>
Director's Remuneration:	31-Dec-18	30-Jun-17
	£	£
Remuneration	78,763	8,753
Benefits in Kind	<u>2,013</u>	<u>1,510</u>
	<u>80,776</u>	<u>10,263</u>

The emoluments of Tom Franks and Susan Walker are included in the financial statements of Camellia Plc. These directors received no emoluments during the year from the company (2017:£nil). Of the remuneration received from other group companies, none was in respect of their services to this company.

JING TEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period ended 31 December 2018**

	18 months ended 31-Dec-18 £	12 months ended 30-Jun-17 £
5. TAXATION		
(a) Current tax		
UK Corporation tax:		
UK Corporation tax at 19% (2017: 19.75%)	-	100,352
Foreign tax	-	16,794
Double tax relief	-	(16,794)
Income tax expense	-	100,352

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax applicable to profits of the company as follows:

The standard rate of corporation tax applied to reported loss is 19% (2017: 19.75%). The applicable rate has changed following substantive enactment of the Finance Act 2017.

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in the UK of 19% (2017: 19.75%) and that charged in the Financial Statements are explained below:

	31-Dec-18 £	30-Jun-17 £
(Loss)/profit before taxation	(436,062)	489,049
Tax on (loss)/profit at 19% (2017: 19.75%)	(82,852)	96,588
Effects of:		
Unrecognised deferred tax on losses	82,852	-
Expenses not deductible for tax purposes	-	3,764
Total tax charge for the period/year	-	100,352

JING TEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period ended 31 December 2018****6. INTANGIBLE FIXED ASSETS**

	Website £	Total £
Cost		
At 1st July 2016	44,540	44,540
At 1st July 2017	44,540	44,540
At 31st December 2018	44,540	44,540
Accumulated Amortisation		
At 1st July 2016	1,237	1,237
Charge for the year	14,663	14,663
At 1st July 2017	15,901	15,901
Charge for the period	21,970	21,970
At 31st December 2018	37,871	37,871
Net book value		
At 31st December 2018	6,669	6,669
Net book value		
At 30th June 2017	28,639	28,639

JING TEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period ended 31 December 2018****7. PROPERTY, PLANT AND EQUIPMENT**

	Equipment and Office Furniture £	Total £
Cost		
At 1st July 2016	33,338	33,338
Disposals	(3,835)	(3,835)
At 1st July 2017	29,503	29,503
Additions	103,834	103,834
At 31st December 2018	133,337	133,337
Accumulated Depreciation		
At 1st July 2016	22,962	22,962
Disposals	(1,490)	(1,490)
Depreciation expense	8,031	8,031
At 1st July 2017	29,503	29,503
Depreciation expense	13,152	13,152
At 31st December 2018	42,655	42,655
Net book value		
At 31st December 2018	90,682	90,682
Net book value		
At 30th June 2017		-

JING TEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

	31-Dec-18	30-Jun-17
	£	£
8. INVENTORIES		
Stock of tea	405,916	370,948
Stock of teaware / other	296,913	243,914
	<u>702,829</u>	<u>614,862</u>

There was no material difference between the replacement cost and value shown in stocks.

	31-Dec-18	30-Jun-17
	£	£
9. TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	822,787	857,446
Prepayments and accrued income	117,756	150,598
	<u>940,543</u>	<u>1,008,044</u>

The carrying amounts of Company's trade and other receivables are denominated in the following currencies:

Pound Sterling	561,938	769,024
Other	378,605	239,020
	<u>940,543</u>	<u>1,008,044</u>

Included within trade receivables is a provision for doubtful debt of £21,684 (2017: £6,131). Also included in trade receivables is a debt of £486,000 relating to a company in administration, no provision has been made as there is a larger credit balance within Trade Payables owed to the same company.

All other trade receivables are with normal partners with no history of default.

Trade receivables include receivables of £653,695 (2017: £514,702) which are past average credit terms of 30 days due at the reporting date against which the company has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. Ageing of past due but not provided for are as follows:

31-60 days	130,752	4,112
61-90 days	16,255	17,831
Over 90 days	506,688	492,759
	<u>653,695</u>	<u>514,702</u>

JING TEA LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****For the period ended 31 December 2018**

	31-Dec-18	30-Jun-17
	£	£
10. BORROWINGS		
Current:		
Loans from related parties	500,000	-
The repayments of bank loans and overdrafts fall due as follows:		
Between 2 - 5 years	500,000	-
Interest rate set at +3% above the base rate of the Bank of England. The loan is unsecured and repayable on demand.		
11. TRADE AND OTHER PAYABLES	31-Dec-18	30-Jun-17
	£	£
Amounts falling due within one year		
Trade creditors	1,095,213	1,055,623
Other creditors and accruals	279,486	187,140
	<u>1,374,699</u>	<u>1,242,763</u>
12. SHARE CAPITAL	£	£
Authorised: 760 (2017: 760) ordinary shares of £1.00 each	<u>760</u>	<u>760</u>
Allotted, called up and fully paid: ordinary shares of £1.00 each at 1 July 2017 and 31 December 2018 – 760 (2017: 760)	<u>760</u>	<u>760</u>

JING TEA LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

	31-Dec-18	30-Jun-17
	£	£
13. RECONCILIATION OF PROFIT FROM OPERATIONS		
TO CASH FLOW		
Operating (loss)/profit	(430,749)	497,172
Amortisation	21,970	14,664
Depreciation	13,152	6,540
(Increase)/decrease in inventories	(87,968)	232,887
(Increase)/decrease in debtors	(911)	40,855
Increase in creditors	200,348	121,491
Cash flow (used in)/from operations	(284,158)	913,609

14. COMMITMENTS

The Company leases its office under a 5 year non-cancellable operating lease arrangement, with a 3 year break-clause (June 2021) which has various terms and renewal rights.

Previously the Company leased office space under contract until June 2018 with a 3 month cancellation notice period.

Future minimum lease payments

	31-Dec-18	30-Jun-17
	£	£
Building		
Within 1 year	96,000	18,257
Years 2-5	288,000	-
After 5 years	42,831	-
	426,831	18,257

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

15. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 10, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	Carrying value	
	31-Dec-18	30-Jun-17
	£	£
Financial assets at fair value		
Cash at bank and in hand	124,718	716,507
Trade and other receivables	940,543	1,008,044
	<u>1,065,261</u>	<u>1,724,551</u>
Financial liabilities at fair value		
Trade and other payables	1,374,699	1,242,763
Current income tax liabilities	-	83,557
Borrowings	500,000	-
	<u>1,874,699</u>	<u>1,326,320</u>
 Ratio	 176%	 77%

Financial risk management objectives

The Company finances its operations by a mixture of retained profits and long-term loans. The objective is to maintain a balance between continuity of funding and flexibility, through the use of borrowings. To achieve this, the borrowings and facilities are regularly reviewed. The Company also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the Company's liquidity.

(A) Market risk

(i) Foreign exchange risk

The Company has no material exposure to foreign currency exchange risk on its trading activities.

(ii) Price risk

The Company's exposure to commodity price risk is not significant.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2018

(iii) Cash flow and interest rate risk

The Company's interest rate risk arises from its long-term borrowing. Borrowing issued at a variable rate exposes the company to cash flow interest rate risk. The Company has no fixed rate exposure. The Company's interest rate risk arises from intra-group borrowing and the risk therefrom is therefore not considered significant.

(B) Credit risk

The Company has policies in place to limit its exposure to credit risk. Credit risk arises from cash at bank, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and monitors the utilisation of credit limits regularly.

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

17. PARENT COMPANY

The parent company is Linton Park Plc which is registered in England and Wales and the ultimate parent company is Camellia Plc which is also registered in England and Wales. Both companies have the registered office at Linton Park, Linton, Maidstone, Kent, ME17 4AB.

Copies of the Camellia Plc report and financial statements prepared in accordance with International Financial Reporting Standards can be obtained from Linton Park, Linton, Maidstone, Kent ME17 4AB. Camellia Plc is the smallest and largest company to consolidate the company's financial statements.

18. RELATED PARTY TRANSACTIONS

During the period, the parent company, Linton Park Plc, advanced loan funds to the Company in the sum of £500,000 (2017: £nil) (disclosed at note 10). This amount remained unpaid at the period end.

Amounts repayable to related parties of the Company are unsecured and carry interest of 3% per annum above the Bank of England's interest rate on the outstanding loan balances.

19. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.67% of total voting rights). Camellia Holding AG is owned by The Camellia Private Trust Company Ltd, a private trust company incorporated under the laws of Bermuda to act as a trustee of the Camellia Foundation. The Camellia Foundation is a Bermudian trust, the income of which is utilised for charitable, educational and humanitarian causes at the discretion of the trustees.

NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2018

20. POST BALANCE SHEET EVENTS

There were no post balance sheet events identified that require adjustment to or disclosure within the financial statements

21. TRANSITION TO IFRS

These are the company's first financial statements prepared in accordance with IFRS as adopted by the EU. The accounting policies set out have been applied in preparing the financial statements for all periods.

The last financial statements were prepared under UK Generally Accepted Accounting Principles ("UK GAAP") for period ended 30 June 2017. The date of transition to IFRS for the company is July 1 2016.

Management has considered the effect of change to IFRS and it does not consider there have been any changes necessitated by the transition from UK GAAP to IFRS.