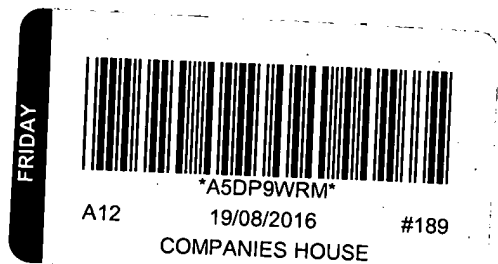


**THE MAZDEHEE TEA COMPANY, LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31st December 2015**



**THE MAZDEHEE TEA COMPANY, LIMITED**

Incorporated 1890

**SHARE CAPITAL**

Authorised  
£ 150,000

In shares of £1 each

Issued  
£ 150,000

---

**Directors**

P. J. FIELD  
A. K. MATHUR, F.C.A. Resigned 4th June 2015  
S.A. WALKER Appointed 30th June 2015  
A. R. BHUIYA  
I. AHMED

**Company Secretary**

J.A. MORTON

**Independent Auditors**

PRICEWATERHOUSECOOPERS LLP  
CHARTERED ACCOUNTANTS AND  
STATUTORY AUDITORS  
1 EMBANKMENT PLACE  
LONDON WC2N 6RH

**Registered Office**

LINTON PARK  
LINTON  
MAIDSTONE  
KENT ME17 4AB

**Registered Number**

00031287

## **THE MAZDEHEE TEA COMPANY, LIMITED**

### **Strategic report for the year ended 31 December 2015**

The directors present their strategic report for the year ended 31 December 2015.

#### **Business review and future developments**

The company continues to operate as a grower and manufacturer of tea in Bangladesh and is expected to do so in the future. The results for the year and the financial position of the company are as shown in the annexed financial statements.

#### **Principal risks and uncertainties and key performance indicators**

The company is a Bangladeshi tea operating company within the Camellia Plc group and as such the principal risks and uncertainties, key performance indicators, strategy and business model are in line with those of the group as a whole. A review of the principal risks and uncertainties, strategy and business model of the Camellia Plc group can be found in Camellia Plc's annual report on pages 6 to 7.

This report was approved by order of the board on 15th August 2016.

A handwritten signature in black ink, appearing to read 'J. Morton', followed by a long, wavy horizontal line.

J.A. Morton  
Secretary

## THE MAZDEHEE TEA COMPANY, LIMITED

### REPORT OF THE DIRECTORS

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The directors present their report together with the audited financial statements for the year ended 31 December 2015.

#### Principal Activities

The principal activity of the company is the growing and manufacturing of tea in Bangladesh.

#### Results and dividends

The profit for the year amounted to £223,508 (2014 £584,978 profit). A dividend of £468,000 (2014: £523,000) was paid during the year.

#### Directors

The directors of the company, are as listed on page one. Mrs S.A. Walker was appointed as a director on 30th June 2015 and Mr A.K. Mathur resigned as a director on 4th June 2015.

#### Review of business

The company is part of the Camellia Plc group and undertakes its principal activities through a branch in Bangladesh.

Recently enacted legislation in Bangladesh requires companies to make a payment on retirement or other events terminating employment, based upon compensation and length of service. This resulted in a charge relating to prior years of £404,221. Details are set out in note 16.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

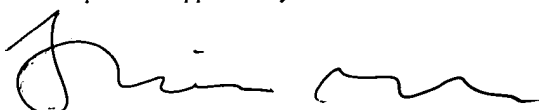
#### Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are not aware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information and to establish that the company's auditors are aware of that information.

#### Independent Auditors

PricewaterhouseCoopers LLP have indicated that they will be seeking re-appointment as auditor at the forthcoming annual general meeting.

This report was approved by order of the board on 15th August 2016.



J.A. Morton  
Company Secretary

## **THE MAZDEHEE TEA COMPANY, LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAZDEHEE TEA COMPANY, LIMITED**

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#### **Report on financial statements**

##### **Our opinion**

In our opinion, The Mazdehee Tea Company, Limited financial statements (the “financial statements”):

- give a true and fair view of the state of the company’s affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

##### **What we have audited**

The financial statements included within the Report and financial statements comprise:

- the balance sheet as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the cash flow statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **Opinion on other matter prescribed by the Companies Act 2006**

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

##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors’ remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors’ remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## THE MAZDEHEE TEA COMPANY, LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MAZDEHEE TEA COMPANY, LIMITED

---

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

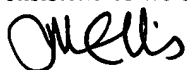
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



John Ellis (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

Date 15th August 2016

**THE MAZDEHEE TEA COMPANY, LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31st December 2015

	Note	2015 £	2014 £
Revenue	2	1,461,073	1,439,139
Cost of sales		<u>(883,706)</u>	<u>(805,363)</u>
Gross profit		577,368	633,776
Net operating expenses	4	<u>(164,614)</u>	<u>(156,606)</u>
Operating profit - before one off items	3	412,754	477,170
Gains arising from changes in fair value of biological assets	10	96,152	38,045
Prior year post employment benefit	16	<u>(404,221)</u>	<u>-</u>
Operating profit		104,685	515,215
Investment income	5	88,526	205,836
Finance income		2,004	225
Finance costs		<u>(10,985)</u>	<u>(11,042)</u>
Profit on ordinary activities before taxation		184,230	710,234
Taxation	8	<u>39,278</u>	<u>(125,255)</u>
Retained (loss) / profit for the year		223,508	584,978
Other comprehensive income			
Foreign exchange translation differences		<u>208,492</u>	<u>241,024</u>
Total comprehensive (expense) / income for the year		<u>432,000</u>	<u>826,002</u>

BALANCE SHEET  
as at 31st December 2015

	Note	2015	2014
		£	£
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	588,000	578,671
Biological assets	10	3,868,407	3,560,145
Investments	11	1,995,847	1,901,863
		<u>6,452,254</u>	<u>6,040,679</u>
<b>CURRENT ASSETS</b>			
Inventories	12	445,644	395,994
Trade and other receivables	13	122,181	141,994
Cash and cash equivalents		<u>670,926</u>	<u>189,127</u>
		<u>1,238,751</u>	<u>727,115</u>
<b>CURRENT LIABILITIES</b>			
Borrowings	14	435,204	25,110
Trade and other payables	15	905,904	656,949
Current income tax liabilities		<u>148,113</u>	<u>232,703</u>
		<u>1,489,221</u>	<u>914,763</u>
<b>NET CURRENT LIABILITIES</b>		<u>(250,470)</u>	<u>(187,648)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>6,201,784</u>	<u>5,853,031</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14	1,644	1,868
Retirement benefit liability	16	438,837	-
Deferred tax liabilities	17	<u>1,027,089</u>	<u>1,080,949</u>
		<u>1,467,570</u>	<u>1,082,817</u>
<b>NET ASSETS</b>		<u>4,734,214</u>	<u>4,770,214</u>
<b>EQUITY</b>			
Share capital	18	150,000	150,000
Retained earnings		<u>4,584,214</u>	<u>4,620,214</u>
<b>TOTAL EQUITY</b>		<u>4,734,214</u>	<u>4,770,214</u>

The notes on pages 10 to 22 form part of the financial statements.

The Financial statements on pages 6 to 22 were approved on 15th August 2016  
by the board of directors and signed on their behalf by:



S.A. WALKER  
Director



**THE MAZDEHEE TEA COMPANY, LIMITED**

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31st December 2015

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2013	150,000	4,317,212	4,467,212
Total comprehensive income for the year	-	826,002	826,002
Dividend paid	-	(523,000)	(523,000)
At 1 January 2014	150,000	4,620,214	4,770,214
Total comprehensive income for the year	-	432,000	432,000
Dividend paid	-	(468,000)	(468,000)
At 31 December 2015	150,000	4,584,214	4,734,214

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2014: 15%) is charged when profits are remitted. Cumulative exchange losses amount to £97,780 (2014 : £306,272 losses).

**THE MAZDEHEE TEA COMPANY, LIMITED**

**CASH FLOW STATEMENT**  
for the year ended 31st December 2015

	Note	2015 £	2014 £
<b>CASH GENERATED FROM OPERATIONS</b>			
Cash flows from operating activities	17	667,735	715,512
Interest paid		(11,449)	(11,720)
Interest received		-	225
Income taxes paid		(158,764)	(283,984)
Net cash flow from continuing operating activities		497,522	420,033
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(23,088)	(33,999)
Purchases of biological assets		(32,717)	(19,407)
Proceeds from sale of other non-current assets		-	4,825
Dividends received from group companies		88,526	205,836
Net cash flow from investing activities		32,721	157,256
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan repayments		(438)	(449)
Dividend paid		(468,000)	(523,000)
Net cash flow from financing activities		(468,438)	(523,449)
Net increase in cash and cash equivalents		61,805	53,840
Cash and cash equivalents at beginning of year		164,388	101,797
Exchange gains on cash and cash equivalents		9,787	8,751
Cash and cash equivalents at end of year		235,979	164,388
Cash and cash equivalents included in the cash flow statement comprise the following:-			
Cash at bank and in hand		670,926	189,127
Bank Overdraft		(434,947)	(24,738)
		235,979	164,388

# THE MAZDEHEE TEA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 years 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 company has a registered branch in Bangladesh, the trading results of which are consolidated and presented in these financial statements. The financial statements have been prepared on the historical cost and going concern basis.

b) Foreign currency translation

The presentation currency of the company is pounds sterling, the currency of the country in which the company is incorporated. The operations of the company are based in Bangladesh and the functional currency is Bangladesh takas. The statement of comprehensive income and cash flows are translated into pounds sterling at average exchange rates for the year and balance sheet items are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from translation of the net investment in the foreign operation are taken to shareholders' equity.

c) 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. Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably passes to the customer.

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:-

Buildings	3% to 20%
Plant and machinery	7% to 13%
Vehicles	7% to 13%
Fixtures, fittings, tools and equipment	5% to 10%

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.

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

# THE MAZDEHEE TEA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. ACCOUNTING POLICIES (continued)

#### e) Biological Assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value. Any changes in fair value are recognised in the statement of comprehensive income in the year in which they arise. All costs of planting, upkeep and maintenance of biological assets are set against the fair value movement

#### f) Investments

Investments in fellow subsidiaries and associated companies of the ultimate parent are included at cost or fair value.

#### g) Impairment of 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).

#### h) Inventories

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs. Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the statement of comprehensive income in the year in which they arise.

Other 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 selling expenses.

#### i) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms. The amount of the provision is recognised in the statement of comprehensive income.

#### j) 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.

## THE MAZDEHEE TEA COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. ACCOUNTING POLICIES (continued)

##### k) Borrowings

Interest-bearing bank 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.

##### l) 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 year. 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 years 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 is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### m) Financial Instruments

Financial risk management policies are set by the Board. Various financial instruments arise directly from the company's operations, for example cash, trade debtors, trade creditors and accruals, in addition to the company using financial instruments to finance its operations. The company finance its operations by a mixture of retained profits, bank borrowings and long term loans. The objective for the company is to maintain a balance between continuity of funding and flexibility through the use of borrowings which are regularly reviewed.

##### n) Employee benefits

The company has an unfunded obligation to pay terminal gratuities to employees. Provisions are made for the estimated liability for gratuities as a result of services rendered by employees up to the balance sheet date and any movement in the provision is recognised in the income statement.

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

## THE MAZDEHEE TEA COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 1. ACCOUNTING POLICIES (continued)

##### n) Changes in accounting policy and disclosures

##### **(i) New and amended standards adopted by the group**

There are no new standards, amendments or interpretations with a material impact on the group for the year ended 31 December 2015.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

##### IAS 16 and IAS 41 (amendments)

##### Reporting for bearer plants- effective from 1 January 2016

These amendments change the reporting for bearer plants, such as tea bushes, avocados, macadamia and rubber trees. Bearer plants should be accounted for under IAS 16 in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The produce on bearer plants will remain in the scope of IAS 41. This standard has been endorsed by the EU with an effective date of 1 January 2016. This will have a material impact on the results of the company.

##### IFRS 15

##### Revenue from contracts with customers - effective from 1 January 2018

This standard will replace IAS 18 which covers contracts for good 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. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. At this stage, the company is not able to estimate the impact of the new rules on the financial statements. This standard has not yet been endorsed by the EU.

# THE MAZDEHEE TEA COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	£	£
2. REVENUE		
Bangladesh		
Tea Sales	1,405,278	1,279,691
Rubber Sales	55,795	159,448
	<u>1,461,073</u>	<u>1,439,139</u>
3. OPERATING PROFIT	2015	2014
	£	£
Is stated after charging:		
Depreciation of tangible assets	41,851	36,379
Remuneration of the auditors	1,384	783
Land rent	13,751	27,897
Employee costs	479,532	380,427
	<u>479,532</u>	<u>380,427</u>
4. NET OPERATING EXPENSES	2015	2014
	£	£
Administrative expenses	171,678	164,386
Other income	(7,064)	(7,780)
	<u>164,614</u>	<u>156,606</u>
5. INVESTMENT INCOME	2015	2014
	£	£
Income from listed investments	88,526	205,836
	<u>88,526</u>	<u>205,836</u>
6. EMPLOYEES AND DIRECTORS	2015	2014
	£	£
Staff costs:		
Wages and salaries	5,310	343,715
Other pension costs	474,222	36,712
	<u>479,532</u>	<u>380,427</u>
	2015	2014
	Number	Number
The monthly average number of persons employed by the company was:	<u>1,160</u>	<u>1,218</u>

The directors received no emoluments during the year from the company (2015: £nil). As they are remunerated by other group companies the value of their service to this company was negligible.

The emoluments of Mr I. Ahmed and Mr A.R. Bhuiya are disclosed in the financial statements of Lungla (Sylhet) Tea Company, Limited and the emoluments of the other directors are disclosed in the financial statements of the ultimate holding company, Camellia Plc.

**THE MAZDEHEE TEA COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>7. DIVIDENDS</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2015 of £3.12p (2014 : £3.49p) per share	<u>468,000</u>	<u>523,000</u>
<b>8. TAXATION</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
(a) Current tax		
UK Corporation tax:		
UK Corporation tax at 20.25% (2014 : 21.5%)	15,468	110,166
Double tax relief	<u>(15,468)</u>	<u>(110,166)</u>
	-	-
Foreign tax:		
Corporation tax	<u>65,190</u>	<u>177,132</u>
Total current tax	65,190	177,132
Deferred tax:		
Origination and reversal of timing differences	<u>(104,468)</u>	<u>(51,877)</u>
Tax on profit on ordinary activities	<u>(39,278)</u>	<u>125,255</u>

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:

(b) Factors affecting tax charge for year

The differences between tax calculated at the standard rate of taxation in the UK of 20.25% (2014: 21.5%) and that charged in the accounts are explained below:

Profit on ordinary activities before tax	<u>184,230</u>	<u>710,234</u>
Profit on ordinary activities at 20.25% (2014: 21.5%)	37,306	152,700
Effects of:		
Movement in other timing differences	57,514	(49,664)
Income not subject to taxation	(45,189)	(24,264)
Adjustments in respect of prior years	(103,026)	(18,712)
Higher tax rates on overseas earnings	<u>14,116</u>	<u>65,195</u>
	<u>(39,278)</u>	<u>125,255</u>

(c) The results of the company's branch in Bangladesh are subject to local taxation at rates in excess of those charged in the UK. Tax losses in Bangladesh can be carried forward and offset against future profits generated by the branch.

The results of the company are subject to taxation in the UK. Where profits arise UK tax arising can be offset through double tax relief against tax payable in Bangladesh and by losses surrendered by other UK companies. There are no UK losses carried forward.



# THE MAZDEHEE TEA COMPANY, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 9. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings £	Plant and Machinery £	Vehicles £	Fixtures Fittings Tools and Equipment £	Total £
Cost					
At 1st January 2014	474,227	480,359	45,469	74,554	1,074,609
Currency retranslation	28,563	26,537	2,667	4,997	62,764
Additions	14,411	7,519	-	12,069	33,999
Disposal		(39,355)			(39,355)
At 1st January 2015	517,201	475,060	48,136	91,620	1,132,017
Currency retranslation	25,754	23,901	2,380	4,528	56,563
Additions	7,274	15,815	-	-	23,089
Disposal	-	-	-	-	-
At 31st December 2015	550,229	514,776	50,516	96,148	1,211,669
Accumulated Depreciation					
At 1st January 2014	208,832	265,665	18,303	31,563	524,363
Currency retranslation	12,651	14,566	1,266	2,192	30,675
Provision for the year	7,752	18,300	3,726	6,601	36,379
Disposal	-	(38,071)	-	-	(38,071)
At 1st January 2015	229,235	260,460	23,295	40,356	553,346
Currency retranslation	11,584	13,428	1,267	2,192	28,471
Provision for the year	9,500	20,720	4,278	7,354	41,852
Disposal	-	-	-	-	-
At 31st December 2015	250,319	294,608	28,840	49,902	623,669
Net book value					
At 31st December 2015	299,910	220,168	21,676	46,246	588,000
Net book value					
At 31st December 2014	287,966	214,600	24,841	51,264	578,671

# THE MAZDEHEE TEA COMPANY, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

10. BIOLOGICAL ASSETS	Tea £	Other horticulture £	Total £
Fair value			
At 1 January 2014	2,406,149	899,646	3,305,795
Exchange differences	143,656	53,242	196,898
Increases due to purchases	15,010	4,397	19,407
Gains arising from changes in fair value less estimated point-of-sale costs	33,431	4,614	38,045
At 1st January 2015	2,598,246	961,899	3,560,145
Exchange differences	131,090	48,303	179,393
Increases due to purchases	30,183	2,534	32,717
Gains arising from changes in fair value less estimated point-of-sale costs	70,200	25,952	96,152
At 31 December 2015	2,829,719	1,038,688	3,868,407

Other horticulture comprises rubber production.

Biological assets are carried at fair value obtained by professional valuations at the year end.

The areas planted to the various crop types at the end of the year were:

	2015 Hectares	2014 Hectares
Tea	619	618
Rubber	238	238

Output of agricultural produce during the year was:	2015 Metric tonnes	2014 Metric tonnes
Tea	869	907
Rubber	83	87

	2015 £	2014 £
Fair value of agricultural output from tea operations after deducting estimated point-of-sale costs	708,000	797,235

# THE MAZDEHEE TEA COMPANY, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2015 £	2014 £
<b>11. INVESTMENTS</b>		
Cost at 1st January	1,901,863	1,796,475
Gain on currency fluctuation	93,984	105,388
At 31st December	<u>1,995,847</u>	<u>1,901,863</u>
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>88,368</u>	<u>84,206</u>
Market value	<u>467,732</u>	<u>603,469</u>
Investments at cost consist of:		
Fellow subsidiaries of Camellia group	1,907,479	1,817,657
Investment in Associates of Camellia group	<u>88,368</u>	<u>84,206</u>
	<u>1,995,847</u>	<u>1,901,863</u>
	2015 £	2014 £
<b>12. INVENTORIES</b>		
Stock of tea	130,205	128,595
Stock of rubber	86,735	46,033
Estate stores	<u>228,704</u>	<u>221,366</u>
	<u>445,644</u>	<u>395,994</u>

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

	2015 £	2013 £
<b>13. TRADE AND OTHER RECEIVABLES</b>		
Due within one year		
Trade debtors	34,807	108,822
Other debtors	35,937	4,027
Amounts owed by group companies	31,520	10,407
Prepayments and accrued income	7,853	7,242
Due in more than one year		
Other debtors	<u>12,064</u>	<u>11,496</u>
	<u>122,181</u>	<u>141,994</u>

No provision for bad debts was made at 31 December 2015 (2014: £nil). No trade debtors were past their due date at 31 December 2015 (2014: £nil).

# THE MAZDEHEE TEA COMPANY, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

	2015 £	2014 £
14. BORROWINGS		
Current:		
Bank overdraft (secured against hypothecation of crop)	434,947	24,738
Term loans secured	257	372
	<u>435,204</u>	<u>25,110</u>
Non-current:		
Bank loans (secured against property, plant and equipment and biological assets)	1,644	1,868
	<u>436,848</u>	<u>26,978</u>
Bank loans include the following amounts repayable over more than five years by instalments	-	2,240
Aggregate amount of loans	-	-
Amount due beyond five years	102	399
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand	435,204	25,110
Between 1 - 2 years	257	245
Between 2 - 5 years	1,285	1,224
After 5 years	102	399
	<u>436,848</u>	<u>26,978</u>
Interest rates vary from 9.5% per annum to 13% per annum.		
15. TRADE AND OTHER PAYABLES	2014 £	2013 £
Amounts falling due within one year		
Trade and other creditors	218,522	235,650
Amounts owed to group companies	682,121	415,832
Interest payable	5,261	5,467
	<u>905,904</u>	<u>656,949</u>

# THE MAZDEHEE TEA COMPANY, LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 16. POST-EMPLOYMENT BENEFIT OBLIGATIONS

The company has an obligation to make compensation payments on retirement or other events terminating employment, based on years of service and to pay medical benefits. These obligations are estimated annually using the projected unit method by qualified independent actuaries and are combined with pension obligations below.

#### Assumptions

The major assumptions used in this valuation to determine the present value of the post-employment benefit obligations were as follows:

	2015 per annum	2014 per annum
Rate of increase in salaries	9.00%	0.00%
Discount rate applied to scheme liabilities	9.00%	0.00%
Pension increase rate	0.00%	0.00%

#### Actuarial valuations

	2015 £	2014 £
Present value of defined benefit obligations	(438,837)	-
Total	(438,837)	-

Movements in the present value of defined benefit obligations were as follows:

	2015 £	2014 £
At 1 January	-	-
Current service cost	(23,130)	-
Past service cost	(404,221)	-
Exchange movement	(11,486)	-
At 31 December	(438,837)	-

#### Statement of comprehensive income

The amounts recognised in statement of comprehensive income are as follows:

Amounts charged to operating profit:

Current service cost	(23,130)	-
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Amounts charged to profit on ordinary activities:

Past service cost	(404,221)	-
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The past service cost of £404,221 relates to recently enacted legislation in Bangladesh which requires companies to make a payment on retirement or other events terminating employment to all employees, based upon compensation and length of service. Current service costs relates to these changes.

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2015 £	2014 £
17. DEFERRED TAX		
At 1 January	1,080,949	1,072,581
Exchange differences	50,608	60,245
(Credited) / Charged in statement of comprehensive income	(104,468)	(51,877)
At 31 December	<u>1,027,089</u>	<u>1,080,949</u>
The deferred tax balance comprises the following liabilities and (assets):		
Deferred tax liabilities - accelerated tax depreciation on biological assets		
At 1 January	1,080,949	1,072,581
Exchange differences	54,629	60,245
(Credited) / Charged in statement of comprehensive income	45,104	(51,877)
At 31 December	<u>1,180,682</u>	<u>1,080,949</u>
Deferred tax assets - tax losses arising on prior year pension contributions		
At 1 January	-	-
Exchange differences	(4,021)	-
(Credited) / Charged in statement of comprehensive income	(149,572)	-
At 31 December	<u>(153,593)</u>	<u>-</u>
18. SHARE CAPITAL	2015 £	2014 £
Authorised, allotted, and fully paid		
150,000 (2014: 150,000) shares of £1 each	<u>150,000</u>	<u>150,000</u>
19. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW	2015 £	2014 £
Profit from operations	412,754	477,170
Depreciation	41,851	36,379
Profit on disposal of other non-current assets	-	(3,541)
(Increase)/decrease in inventories	(29,294)	52,648
Decrease in debtors	48,191	41,042
(Decrease)/increase in creditors	(28,020)	41,651
Change in intra-group balances	219,248	93,211
Exchange adjustments	<u>3,006</u>	<u>(23,048)</u>
Cash flow from operating activities	<u>667,735</u>	<u>715,512</u>
20. COMMITMENTS		
The company leases land under non-cancellable operating lease arrangements, which have various terms and renewal rights.		
	2015 £	2014 £ As restated
Land		
Within 1 year	69,755	46,588
Between 1-5 years	62,654	70,967
After 5 years	<u>422,916</u>	<u>383,223</u>
	<u>555,325</u>	<u>500,778</u>

## THE MAZDEHEE TEA COMPANY, LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

#### 21. 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 13, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Categories of financial instruments	Carrying value	
	2015	2014
	£	£
<b>Financial assets</b>		
Cash and cash equivalents	670,926	189,127
Trade and other receivables	114,328	134,752
Investments	<u>1,995,847</u>	<u>1,901,863</u>
	<u>2,781,101</u>	<u>2,225,742</u>
<b>Financial liabilities</b>		
Trade and other payables	905,904	656,949
Borrowings	<u>436,848</u>	<u>26,978</u>
	<u>1,342,752</u>	<u>683,927</u>

##### Financial risk management objectives

The company finances its operations by a mixture of retained profits, bank borrowings 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 trading activities.

###### (ii) Price risk

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

###### (iii) Cash flow and interest rate risk

The company's interest rate risk arises from interest-bearing assets and short and long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. The company has no fixed rate exposure.

##### (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.

## THE MAZDEHEE TEA COMPANY, LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

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#### 22. PARENT COMPANY

The parent company is Lawrie Group Plc which is registered in England and Wales and the ultimate parent company is Camellia Plc which is also registered in England and Wales.

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

#### 23. RELATED PARTY TRANSACTIONS

There were transactions with group companies during the year of (£1,877) (2014: 3,961) in respect of inter group sales and recharges which are included within revenue and cost of sales.

Company Name	Sales to £	Recharges £	Net £
The Allynugger Tea CO	151	(1,602)	(1,451)
Lungla Sylhet	8,517	(4,560)	3,957
Duncan Brothers	-	(4,383)	(4,383)
	<u>8,668</u>	<u>(10,545)</u>	<u>(1,877)</u>

Amounts due from / to group undertakings are unsecured, interest free and have no fixed term of repayment.

#### 24. 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.