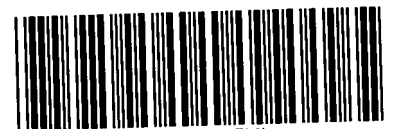


THE MAZDEHEE TEA COMPANY, LIMITED

REPORT AND ACCOUNTS

31st December 2013

WEDNESDAY



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COMPANIES HOUSE

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.
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

C31287

THE MAZDEHEE TEA COMPANY, LIMITED

Strategic report for the year ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

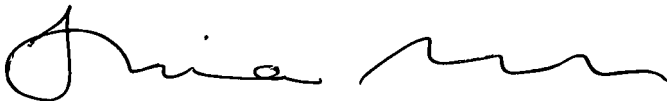
Business review and future developments

The company continues to operate as a grower and manufacturer of tea in Bangladesh. 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 the board on 11th August 2014.

A handwritten signature in black ink, appearing to read 'J.A. Morton', with a stylized, wavy line extending to the right.

J.A. Morton
Secretary

THE MAZDEHEE TEA COMPANY, LIMITED
REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 2013.

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 £959,550 (2012: £647,497). A dividend of £429,000 (2012: £302,000) was paid during the year.

Directors

The directors of the company, who are listed on page one, were all directors for the year and remain in office.

Review of business and changes in corporate structure

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the 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.

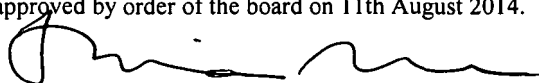
Independent Auditors

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 11th August 2014.

J.A. Morton

Company Secretary



THE MAZDEHEE TEA COMPANY, LIMITED

Independent auditors' report
to the members of The Mazdehee Tea Company, Limited

Report on financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by The Mazdehee Tea Company, Limited, comprise:

- the Balance sheet as at 31 December 2013;
- 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.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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 reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report and Accounts (the "Annual Report") 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.

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

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 three,

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 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.



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

Date 11th August 2014

THE MAZDEHEE TEA COMPANY, LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2013

| | Note | 2013 £ | 2012 £ |
|--|------|------------------|------------------|
| Revenue | 2 | 1,944,010 | 1,789,973 |
| Cost of sales | | <u>(690,165)</u> | <u>(705,470)</u> |
| Gross profit | | 1,253,845 | 1,084,503 |
| Net operating expenses | 4 | <u>(196,953)</u> | <u>(111,818)</u> |
| Operating profit | 3 | 1,056,892 | 972,685 |
| Gains arising from changes in fair value of biological assets | 9 | 211,692 | 24,716 |
| Investment income | 5 | 190,620 | 45,714 |
| Finance income | | 12,549 | 5,427 |
| Finance costs | | <u>(8,588)</u> | <u>(13,428)</u> |
| Profit on ordinary activities before taxation | | 1,463,165 | 1,035,114 |
| Taxation | 7 | <u>(503,616)</u> | <u>(387,618)</u> |
| Retained profit for the year | | 959,550 | 647,497 |
| Other comprehensive income / (loss) expense | | | |
| Foreign exchange translation differences | | <u>19,702</u> | <u>(67,560)</u> |
| Total comprehensive income for the year | | <u>979,252</u> | <u>579,937</u> |

BALANCE SHEET
as at 31st December 2013

| | Note | 2013 | | 2012 | |
|--|------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 8 | | 550,246 | | 477,442 |
| Biological assets | 9 | | 3,305,795 | | 3,063,583 |
| Investments | 10 | | 1,796,475 | | 1,782,054 |
| | | | <u>5,652,516</u> | | <u>5,323,079</u> |
| CURRENT ASSETS | | | | | |
| Inventories | 11 | 426,348 | | 328,995 | |
| Trade and other receivables | 12 | 264,684 | | 206,028 | |
| Cash and cash equivalents | | 101,797 | | <u>431,874</u> | |
| | | <u>792,829</u> | | <u>966,896</u> | |
| CURRENT LIABILITIES | | | | | |
| Borrowings | 13 | 360 | | 1,747 | |
| Trade and other payables | 14 | 577,043 | | 1,047,373 | |
| Current income tax liabilities | | <u>325,947</u> | | <u>338,262</u> | |
| | | <u>903,350</u> | | <u>1,387,383</u> | |
| NET CURRENT LIABILITIES | | | <u>(110,521)</u> | | <u>(420,486)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | 5,541,995 | | 4,902,593 |
| NON-CURRENT LIABILITIES | | | | | |
| Borrowings | 13 | 2,202 | | 2,541 | |
| Deferred tax liabilities | 15 | <u>1,072,581</u> | | <u>983,092</u> | |
| | | | <u>1,074,783</u> | | <u>985,633</u> |
| NET ASSETS | | | <u>4,467,212</u> | | <u>3,916,960</u> |
| EQUITY | | | | | |
| Share capital | 16 | | 150,000 | | 150,000 |
| Reserves | | | <u>4,317,212</u> | | <u>3,766,960</u> |
| TOTAL EQUITY | | | <u>4,467,212</u> | | <u>3,916,960</u> |

The notes on pages nine to twenty-one form part of the financial statements.

Approved on 11th August 2014 by the board of directors and signed on their behalf by:


A.K. MATHUR
Director

THE MAZDEHEE TEA COMPANY, LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2013

| | Called up Share Capital £ | Reserves £ | Total Equity £ |
|-----------------------------------|------------------------------------|---------------|----------------------|
| At 1 January 2012 | 150,000 | 3,489,023 | 3,639,023 |
| Comprehensive income for the year | - | 579,937 | 579,937 |
| Dividend paid | - | (302,000) | (302,000) |
| At 1 January 2013 | 150,000 | 3,766,960 | 3,916,960 |
| Comprehensive income for the year | - | 979,252 | 979,252 |
| Dividend paid | - | (429,000) | (429,000) |
| At 31 December 2013 | 150,000 | 4,317,212 | 4,467,212 |

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2012: 15%) is charged when profits are remitted. Cumulative exchange losses amount to £547,296 (2012 : £566,998 losses).

THE MAZDEHEE TEA COMPANY, LIMITED

CASH FLOW STATEMENT for the year ended 31st December 2013

| | Note | 2013 £ | 2012 £ |
|--|------|------------------|------------------|
| CASH GENERATED FROM OPERATIONS | | | |
| Cash flows from operating activities | 17 | 434,641 | 1,425,758 |
| Interest paid | | (2,880) | (13,519) |
| Interest received | | 12,550 | 5,427 |
| Income taxes paid | | <u>(434,156)</u> | <u>(301,575)</u> |
| Net cash flow from continuing operating activities | | 10,155 | 1,116,091 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of property, plant and equipment | | (103,372) | (261,690) |
| Purchases of biological assets | | (16,216) | (13,794) |
| Dividends received from group companies | | <u>190,620</u> | <u>45,714</u> |
| Net cash flow from investing activities | | <u>71,032</u> | <u>(229,770)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loan repayments | | (1,847) | (3,375) |
| Dividend paid | | <u>(429,000)</u> | <u>(302,000)</u> |
| Net cash flow from financing activities | | <u>(430,847)</u> | <u>(305,375)</u> |
| Net (decrease) / increase in cash and cash equivalents | | (349,660) | 580,946 |
| Cash and cash equivalents at beginning of year | | 431,874 | (153,338) |
| Exchange gains on cash and cash equivalents | | <u>19,583</u> | <u>4,267</u> |
| Cash and cash equivalents at end of year | | <u>101,797</u> | <u>431,874</u> |
| Cash and cash equivalents included in the cash flow statement comprise the following:- | | | |
| Cash at bank and in hand | | <u>101,797</u> | <u>431,874</u> |
| | | <u>101,797</u> | <u>431,874</u> |

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS

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 group 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 group 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 ACCOUNTS

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 group and associated companies are included at cost.

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 ACCOUNTS

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 it 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 is 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.

Changes in accounting policy and disclosures

THE MAZDEHEE TEA COMPANY LIMITED

Notes to the accounts

for the year ended 31 December 2013

(1) Accounting policies (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2013:

| | |
|-------------------|---|
| IAS 1 (amendment) | Financial statement presentation - effective from 1 July 2012 The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in other comprehensive income. |
| IFRS 13 | Fair value measurement - effective from 1 January 2013 This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. |

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

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2014 or later periods, but the company has not adopted them early. None of these standards are expected to have a material impact on the financial statements of the company:

| | |
|-----------------------|--|
| IFRS 12 | Disclosures of interests in other entities - effective from 1 January 2013 This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. This standard has been endorsed by the EU with an effective date of 1 January 2014. |
| IAS 27 (revised 2011) | Separate financial statements - effective from 1 January 2013 This revision includes the requirements relating to separate financial statements. This revised standard has been endorsed by the EU with an effective date of 1 January 2014. |

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS

| | 2013 £ | 2012 £ |
|--|--------------------------------|--------------------------------|
| 2. REVENUE | | |
| Bangladesh | | |
| Tea Sales | 1,862,961 | 1,559,211 |
| Rubber Sales | 81,049 | 230,762 |
| | <u>1,944,010</u> | <u>1,789,973</u> |
| 3. OPERATING PROFIT | 2013 £ | 2012 £ |
| Is stated after charging: | | |
| Depreciation of tangible assets | 31,107 | 27,926 |
| Remuneration of the auditors | 689 | 677 |
| Land rent | 9,300 | 11,246 |
| Employee costs | <u>363,182</u> | <u>295,665</u> |
| 4. NET OPERATING EXPENSES | 2013 £ | 2012 £ |
| Administrative expenses | 201,366 | 115,985 |
| Other income | <u>(4,413)</u> | <u>(4,167)</u> |
| | <u>196,953</u> | <u>111,818</u> |
| 5. INVESTMENT INCOME | 2013 £ | 2012 £ |
| Income from listed investments | <u>190,620</u> | <u>45,714</u> |
| 6. EMPLOYEES AND DIRECTORS | 2013 £ | 2012 £ |
| Staff costs: | | |
| Wages and salaries | 343,715 | 279,540 |
| Other pension costs | <u>19,467</u> | <u>16,124</u> |
| | <u>363,182</u> | <u>295,665</u> |
| The monthly average number of persons employed by the company was: | 2013 Number <u>1,081</u> | 2012 Number <u>1,081</u> |

The directors received no emoluments during the year from the company (2012: £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 accounts of Lungla (Sylhet) Tea Company, Limited and the emoluments of the other directors are disclosed in the accounts of the ultimate holding company, Camellia Plc.

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE ACCOUNTS

| 7. TAXATION | 2013 £ | 2012 £ |
|---|-----------|-----------|
| (a) Current tax | | |
| UK Corporation tax: | | |
| UK Corporation tax at 23.25% (2012: 24.5%) | - | - |
| Double tax relief | - | - |
| | - | - |
| Foreign tax: | | |
| Corporation tax | 418,151 | 373,177 |
| Total current tax | 418,151 | 373,177 |
| Deferred tax: | | |
| Temporary timing differences | 85,465 | 14,441 |
| Tax on profit on ordinary activities | 503,616 | 387,618 |
| (b) Factors affecting tax charge for year | | |
| The differences between tax calculated at the standard rate of taxation in the UK of 23.25% (2012: 24.5%) and that charged in the accounts are explained below: | | |
| Profit on ordinary activities before tax | 1,463,165 | 1,035,114 |
| Profit on ordinary activities at 23.25% (2012: 24.5%) | 340,186 | 253,603 |
| Effects of: | | |
| Expenditure not deductible for tax purposes | (5,049) | 5,507 |
| Income not subject to taxation | (10,510) | (6,056) |
| Adjustments in respect of prior years | 3,847 | - |
| Higher tax rates on overseas earnings | 175,142 | 134,564 |
| | 503,616 | 387,618 |

- (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 ACCOUNTS

8. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings £ | Plant and Machinery £ | Vehicles £ | Fixtures Fittings Tools and Equipment £ | Total £ |
|--------------------------|-------------------------------|--------------------------------|---------------|---|------------|
| Cost | | | | | |
| At 1st January 2012 | 359,571 | 289,001 | 22,011 | 49,185 | 719,768 |
| Currency retranslation | (6,775) | (5,154) | (424) | (949) | (13,302) |
| Additions | 73,328 | 188,161 | 201 | - | 261,690 |
| At 1st January 2013 | 426,124 | 472,008 | 21,788 | 48,236 | 968,156 |
| Currency retranslation | 1,267 | 3,601 | (957) | (860) | 3,051 |
| Additions | 46,836 | 4,750 | 24,638 | 27,178 | 103,402 |
| At 31st December 2013 | 474,227 | 480,359 | 45,469 | 74,554 | 1,074,609 |
| Accumulated Depreciation | | | | | |
| At 1st January 2012 | 198,065 | 231,962 | 16,038 | 25,764 | 471,829 |
| Currency retranslation | (3,808) | (4,435) | (307) | (491) | (9,041) |
| Provision for the year | 6,076 | 18,088 | 1,035 | 2,727 | 27,926 |
| At 1st January 2013 | 200,333 | 245,615 | 16,766 | 28,000 | 490,714 |
| Currency retranslation | 1,290 | 1,118 | 68 | 66 | 2,542 |
| Provision for the year | 7,209 | 18,932 | 1,469 | 3,497 | 31,107 |
| At 31st December 2013 | 208,832 | 265,665 | 18,303 | 31,563 | 524,363 |
| Net book value | | | | | |
| At 31st December 2013 | 265,395 | 214,694 | 27,166 | 42,991 | 550,246 |
| Net book value | | | | | |
| At 31st December 2012 | 225,791 | 226,393 | 5,022 | 20,236 | 477,442 |

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

| 9. BIOLOGICAL ASSETS | Tea £ | Other horticulture £ | Total £ |
|--|-----------|----------------------------|------------|
| Fair value | | | |
| At 1 January 2012 | 2,004,982 | 1,079,518 | 3,084,500 |
| Exchange differences | (38,190) | (21,237) | (59,427) |
| Increases due to purchases | 11,466 | 2,328 | 13,794 |
| Gains / (losses) arising from changes in fair value less estimated point-of-sale costs | 208,845 | (184,129) | 24,716 |
| At 1st January 2013 | 2,187,103 | 876,480 | 3,063,583 |
| Exchange differences | 7,988 | 6,316 | 14,304 |
| Increases due to purchases | 12,660 | 3,556 | 16,216 |
| Gains arising from changes in fair value less estimated point-of-sale costs | 198,398 | 13,294 | 211,692 |
| At 31 December 2013 | 2,406,149 | 899,646 | 3,305,795 |

Other horticulture comprises rubber production.

Biological assets are carried at fair value obtained by professional valuations at the year end. Given that there is no open market for green leaf, this is recognised in inventory at the lower of cost or netrealisable value.

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

| | 2013 Hectares | 2012 Hectares |
|---|--------------------------|--------------------------|
| Tea | 608 | 613 |
| Rubber | 238 | 238 |
| Output of agricultural produce during the year was: | 2013 Metric tonnes | 2012 Metric tonnes |
| Tea | 1,054 | 1,059 |
| Rubber | 94 | 95 |
| Fair value of agricultural output after deducting estimated point-of-sale costs | 2013 £ | 2012 £ |
| | 1,391,786 | 1,789,135 |

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

| | 2013 £ | 2012 £ |
|---------------------------------------|------------------|------------------|
| 10. INVESTMENTS | | |
| Cost at 1st January | 1,782,054 | 1,817,114 |
| Gain / (loss) on currency fluctuation | 14,421 | (35,060) |
| At 31st December | <u>1,796,475</u> | <u>1,782,054</u> |
| Investments at cost include: | | |
| Listed on Dhaka Stock Exchange | <u>80,454</u> | <u>78,901</u> |
| Market value | <u>726,442</u> | <u>688,653</u> |
| Investments at cost consist of: | | |
| Subsidiaries of group | 1,716,021 | 1,703,153 |
| Associates of group | <u>80,454</u> | <u>78,901</u> |
| | <u>1,796,475</u> | <u>1,782,054</u> |
| | 2013 £ | 2012 £ |
| 11. INVENTORIES | | |
| Stock of tea | 138,349 | 107,244 |
| Stock of rubber | 55,274 | 16,236 |
| Estate stores | <u>232,725</u> | <u>205,515</u> |
| | <u>426,348</u> | <u>328,995</u> |

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

| | 2013 £ | 2012 £ |
|---------------------------------|----------------|----------------|
| 12. TRADE AND OTHER RECEIVABLES | | |
| Due within one year | | |
| Trade debtors | 115,703 | 136,395 |
| Other debtors | 32,242 | 35,620 |
| Amounts owed by group companies | 99,616 | 10,152 |
| Prepayments and accrued income | 6,615 | 13,438 |
| Interest receivable | - | - |
| Due in more than one year | | |
| Other debtors | <u>10,508</u> | <u>10,423</u> |
| | <u>264,684</u> | <u>206,028</u> |

No provision for bad debts was made at 31 December 2013 (2012: £nil). No trade debtors were past their due date at 31 December 2013 (2012: £nil).

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

| | 2013 £ | 2012 £ |
|---|----------------|------------------|
| 13. BORROWINGS | | |
| Current: | | |
| Bank overdraft (secured against hypothecation of crop) | - | - |
| Term loans secured | 360 | 1,747 |
| | <u>360</u> | <u>1,747</u> |
| Non-current: | | |
| Bank loans (secured against property, plant and equipment and biological assets) | 2,202 | 2,541 |
| | <u>2,562</u> | <u>4,288</u> |
| Bank loans include the following amounts repayable over more than five years by instalments | | |
| Aggregate amount of loans | - | - |
| Amount due beyond five years | 694 | 918 |
| The repayments of bank loans and overdrafts fall due as follows: | | |
| Within 12 months or on demand | 360 | 1,747 |
| Between 1 - 2 years | 351 | 357 |
| Between 2 - 5 years | 1,156 | 1,266 |
| After 5 years | 694 | 918 |
| | <u>2,562</u> | <u>4,288</u> |
| Interest rates vary from 9.5% per annum to 13% per annum. | | |
| 14. TRADE AND OTHER PAYABLES | 2013 £ | 2012 £ |
| Amounts falling due within one year | | |
| Trade and other creditors | 181,220 | 209,643 |
| Amounts owed to group companies | 389,985 | 837,342 |
| Interest payable | 5,838 | 389 |
| | <u>577,043</u> | <u>1,047,374</u> |

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

| | 2013 £ | 2012 £ |
|--|------------------|----------------|
| 15. DEFERRED TAX LIABILITIES | | |
| At 1 January | 983,092 | 987,675 |
| Exchange differences | 4,024 | (19,024) |
| Charged in statement of comprehensive income | 85,465 | 14,441 |
| At 31 December | <u>1,072,581</u> | <u>983,092</u> |

The deferred tax liability at the start and end of the year relates to the changes in value of biological assets.

| | 2013 £ | 2012 £ |
|---|----------------|----------------|
| 16. SHARE CAPITAL | | |
| Authorised, allotted, and fully paid | | |
| 150,000 (2012: 150,000) shares of £1 each | <u>150,000</u> | <u>150,000</u> |

| | 2013 £ | 2012 £ |
|---|----------------|------------------|
| 17. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW | | |
| Profit from operations | 1,056,892 | 972,685 |
| Depreciation | 31,107 | 27,926 |
| Increase in inventories | (99,257) | (21,051) |
| Decrease in debtors | 33,960 | 65,265 |
| Decrease in creditors | (31,576) | (2,619) |
| Change in intra-group balances | (569,730) | 381,679 |
| Exchange adjustments | 13,244 | 1,873 |
| Cash flow from operating activities | <u>434,641</u> | <u>1,425,758</u> |

18. COMMITMENTS

The company leases land under non-cancellable operating lease arrangements, which have various terms and renewal rights.

| | 2013 £ | 2012 £ |
|-------------------|----------------|----------------|
| Land | | |
| Within 1 year | 14,908 | 14,908 |
| Between 1-5 years | 59,634 | 59,634 |
| After 5 years | <u>506,889</u> | <u>521,797</u> |
| | <u>581,431</u> | <u>596,340</u> |

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE ACCOUNTS

19. 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 | |
|------------------------------|------------------|------------------|
| | 2013 | 2012 |
| Financial assets | £ | £ |
| Cash and cash equivalents | 101,797 | 431,875 |
| Trade and other receivables | 258,069 | 198,012 |
| Investments | <u>1,796,475</u> | <u>1,782,054</u> |
| | <u>2,156,341</u> | <u>2,411,941</u> |
| Financial liabilities | | |
| Trade and other payables | 577,043 | 1,047,374 |
| Borrowings | <u>2,562</u> | <u>4,288</u> |
| | <u>579,604</u> | <u>1,051,662</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 ACCOUNTS

20. PARENT COMPANY

The ultimate parent company at 31st December 2013 was Camellia Plc which is registered in England and Wales. The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent ME17 4AB.

21. RELATED PARTY TRANSACTIONS

There were transactions with group companies during the year of £2,508,563 (2012: 431,990) 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 | 323,425 | - | 323,425 |
| Lungla Sylhet | 798,371 | - | 798,371 |
| Duncan Brothers | 49,009 | - | 49,009 |
| Amo Tea Co Ltd | 995,408 | - | 995,408 |
| Surmah Valley Tea Co | 572,287 | - | 572,287 |
| The Chandpore Tea Co | 93,488 | - | 93,488 |
| | 2,508,563 | - | 2,508,563 |

22. CONTROL OF CAMELLIA PLC

Camellia Holding AG holds 1,427,000 ordinary shares of Camellia Plc (representing 51.34% 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.