

THE MAZDEHEE TEA COMPANY, LIMITED

REPORT AND FINANCIAL STATEMENTS

31st December 2014

WEDNESDAY



A4G2X5GW

A14

16/09/2015

#335

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. 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 2014

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

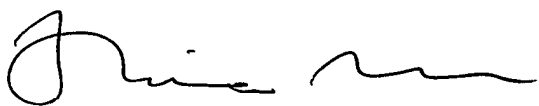
Business review and future developments

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 10th September 2015.

A handwritten signature in black ink, appearing to read 'J.A. Morton', with a long horizontal flourish 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 financial statements for the year ended 31 December 2014.

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 £584,978 (2013 £959,549). A dividend of £523,000 (2013: £429,000) 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 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, 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.

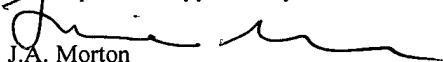
Disclosure of information to auditors

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 10th September 2015.



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 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 2014 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

Mazdehee Tea Company, Limited financial statements comprise:

- the balance sheet as at 31 December 2014;
- 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.

Opin

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
- 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

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 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 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.



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

Date 10th September 2015

THE MAZDEHEE TEA COMPANY, LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2014

	Note	2014 £	2013 £
Revenue	2	1,439,139	1,944,010
Cost of sales		<u>(805,363)</u>	<u>(690,165)</u>
Gross profit		633,776	1,253,845
Net operating expenses	4	<u>(156,606)</u>	<u>(196,953)</u>
Operating profit	3	477,170	1,056,892
Gains arising from changes in fair value of biological assets	10	38,045	211,692
Investment income	5	205,836	190,620
Finance income		225	12,549
Finance costs		<u>(11,042)</u>	<u>(8,588)</u>
Profit on ordinary activities before taxation		710,234	1,463,165
Taxation	8	<u>(125,255)</u>	<u>(503,616)</u>
Retained profit for the year		584,978	959,549
Other comprehensive income			
Foreign exchange translation differences		<u>241,024</u>	<u>19,702</u>
Total comprehensive income for the year		<u>826,002</u>	<u>979,252</u>

BALANCE SHEET
as at 31st December 2014

	Note	2014		2013	
		£	£	£	£
NON-CURRENT ASSETS					
Property, plant and equipment	9		578,671		550,246
Biological assets	10		3,560,145		3,305,795
Investments	11		1,901,863		1,796,475
			<u>6,040,679</u>		<u>5,652,516</u>
CURRENT ASSETS					
Inventories	12	395,994		426,348	
Trade and other receivables	13	141,994		264,684	
Cash and cash equivalents		<u>189,127</u>		<u>101,797</u>	
		<u>727,115</u>		<u>792,829</u>	
CURRENT LIABILITIES					
Borrowings	14	25,110		360	
Trade and other payables	15	656,949		577,043	
Current income tax liabilities		<u>232,703</u>		<u>325,947</u>	
		<u>914,763</u>		<u>903,350</u>	
NET CURRENT LIABILITIES			<u>(187,648)</u>		<u>(110,521)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,853,031		5,541,995
NON-CURRENT LIABILITIES					
Borrowings	14	1,868		2,202	
Deferred tax liabilities	16	<u>1,080,949</u>		<u>1,072,581</u>	
			<u>1,082,817</u>		<u>1,074,783</u>
NET ASSETS			<u>4,770,214</u>		<u>4,467,212</u>
EQUITY					
Share capital	17		150,000		150,000
Retained earnings			<u>4,620,214</u>		<u>4,317,212</u>
TOTAL EQUITY			<u>4,770,214</u>		<u>4,467,212</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 10th September 2015
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 2014

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2013	150,000	3,766,960	3,916,960
Total comprehensive income for the year	-	979,252	979,252
Dividend paid	-	(429,000)	(429,000)
At 1 January 2014	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 31 December 2014	150,000	4,620,214	4,770,214

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2013: 15%) is charged when profits are remitted. Cumulative exchange losses amount to £306,272 (2013 : £547,296 losses).

THE MAZDEHEE TEA COMPANY, LIMITED

CASH FLOW STATEMENT for the year ended 31st December 2014

	Note	2014 £	2013 £
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	17	715,512	434,641
Interest paid		(11,720)	(2,880)
Interest received		225	12,550
Income taxes paid		(283,984)	(434,156)
Net cash flow from continuing operating activities		420,033	10,155
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(33,999)	(103,372)
Purchases of biological assets		(19,407)	(16,216)
Proceeds from sale of other non-current assets		4,825	-
Dividends received from group companies		205,836	190,620
Net cash flow from investing activities		157,256	71,032
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(449)	(1,847)
Dividend paid		(523,000)	(429,000)
Net cash flow from financing activities		(523,449)	(430,847)
Net increase / (decrease) in cash and cash equivalents		53,840	(349,660)
Cash and cash equivalents at beginning of year		101,797	431,874
Exchange gains on cash and cash equivalents		8,751	19,583
Cash and cash equivalents at end of year		164,388	101,797
Cash and cash equivalents included in the cash flow statement comprise the following:-			
Cash at bank and in hand		189,127	101,797
Bank Overdraft		(24,738)	-
		164,388	101,797

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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 group and associated companies 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

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.

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

n) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

The group has adopted the following new and amended IFRSs as of 1 January 2014:

IFRS 10	<p>Consolidated financial statements - effective from 1 January 2013</p> <p>This standard builds on existing principles by identifying the concept of control as the determining factor in which an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard has been endorsed by the EU with an effective date of 1 January 2014.</p>
IFRS 12	<p>Disclosures of interests in other entities - effective from 1 January 2013</p> <p>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.</p>
IAS 27 (revised 2011)	<p>Separate financial statements - effective from 1 January 2013</p> <p>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.</p>

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

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2015 or later periods, but the group has not adopted them early:

IAS 16 and IAS 41 (amendments)	<p>Reporting for bearer plants- effective from 1 January 2016</p> <p>These amendments change the reporting for bearer plants, such as tea bushes, 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 not yet been endorsed by the EU. Once endorsed early adoption is permitted and will have a material impact on the results of the group, the effect of which is currently being assessed.</p>
Annual improvements 2014	<p>These annual improvements amend standards from the 2010-2012 reporting cycle and include changes to:</p> <ul style="list-style-type: none">- IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal.- IAS 19, 'Employee benefits' regarding discount rates.- IAS 34, 'Interim financial reporting' regarding disclosure of information. <p>The amendments are effective from 1 July 2016 but have not yet been endorsed by the EU. They are not expected to have a material impact on the group.</p>

THE MAZDEHEE TEA COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	£	£
2. REVENUE		
Bangladesh		
Tea Sales	1,279,691	1,862,961
Rubber Sales	159,448	81,049
	<u>1,439,139</u>	<u>1,944,010</u>
3. OPERATING PROFIT	2014	2013
	£	£
Is stated after charging:		
Depreciation of tangible assets	36,379	31,107
Remuneration of the auditors	783	689
Land rent	27,897	9,300
Employee costs	<u>386,008</u>	<u>363,182</u>
4. NET OPERATING EXPENSES	2014	2013
	£	£
Administrative expenses	164,386	201,366
Other income	<u>(7,780)</u>	<u>(4,413)</u>
	<u>156,606</u>	<u>196,953</u>
5. INVESTMENT INCOME	2014	2013
	£	£
Income from listed investments	<u>205,836</u>	<u>190,620</u>
6. EMPLOYEES AND DIRECTORS	2014	2013
	£	£
Staff costs:		
Wages and salaries	366,174	343,715
Other pension costs	<u>19,834</u>	<u>19,467</u>
	<u>386,008</u>	<u>363,182</u>
	2014	2013
The monthly average number of persons	Number	Number
employed by the company was:	<u>1,218</u>	<u>1,081</u>

The directors received no emoluments during the year from the company (2013: £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

7. DIVIDENDS	2014 £	2013 £
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2014 of £3.49p (2013:£2.86p) per share	523,000	429,000
8. TAXATION	2014 £	2013 £
(a) Current tax		
UK Corporation tax:	110,166	255,509
UK Corporation tax at 21.5% (2013 : 23.25%)	(110,166)	(255,509)
Double tax relief	-	-
	<u>(110,166)</u>	<u>(255,509)</u>
Foreign tax:		
Corporation tax	<u>177,132</u>	<u>418,151</u>
Total current tax	177,132	418,151
Deferred tax:		
Temporary timing differences	<u>(51,877)</u>	<u>85,465</u>
Tax on profit on ordinary activities	<u>125,255</u>	<u>503,616</u>
(b) Factors affecting tax charge for year		
The differences between tax calculated at the standard rate of taxation in the UK of 21.5% (2013: 23.25%) and that charged in the accounts are explained below:		
Profit on ordinary activities before tax	<u>710,234</u>	<u>1,463,165</u>
Profit on ordinary activities at 21.5% (2013: 23.25%)	152,700	340,186
Effects of:		
Movement in other timing differences	(49,664)	(5,049)
Income not subject to taxation	(24,264)	(10,510)
Adjustments in respect of prior years	(18,712)	3,847
Higher tax rates on overseas earnings	<u>65,195</u>	<u>175,142</u>
	<u>125,255</u>	<u>503,616</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 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 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 31st December 2014	517,201	475,060	48,136	91,620	1,132,017
Accumulated Depreciation					
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 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 31st December 2014	229,235	260,460	23,295	40,356	553,346
Net book value					
At 31st December 2014	287,966	214,600	24,841	51,264	578,671
Net book value					
At 31st December 2013	265,395	214,694	27,166	42,991	550,246

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. BIOLOGICAL ASSETS	Tea £	Other horticulture £	Total £
Fair value			
At 1 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 1st 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 31 December 2014	2,598,246	961,899	3,560,145

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:

	2014 Hectares	2013 Hectares
Tea	618	608
Rubber	238	238
Output of agricultural produce during the year was:	2014 Metric tonnes	2013 Metric tonnes
Tea	907	1,054
Rubber	87	94
Fair value of agricultural output after deducting estimated point-of-sale costs	2014 £	2013 £
	797,235	1,391,786

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2014	2013
	£	£
11. INVESTMENTS		
Cost at 1st January	1,796,475	1,782,054
Gain on currency fluctuation	105,388	14,421
At 31st December	1,901,863	1,796,475
Investments at cost include:		
Listed on Dhaka Stock Exchange	84,206	80,454
Market value	603,469	726,442
Investments at cost consist of:		
Subsidiaries of group	1,817,657	1,716,021
Associates of group	84,206	80,454
	1,901,863	1,796,475
	2014	2013
	£	£
12. INVENTORIES		
Stock of tea	128,595	138,349
Stock of rubber	46,033	55,274
Estate stores	221,366	232,725
	395,994	426,348

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

	2014	2013
	£	£
13. TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	108,822	115,703
Other debtors	4,027	32,242
Amounts owed by group companies	10,407	99,616
Prepayments and accrued income	7,242	6,615
Due in more than one year		
Other debtors	11,496	10,508
	141,994	264,684

No provision for bad debts was made at 31 December 2014 (2013: £nil). No trade debtors were past their due date at 31 December 2014 (2013: £nil).

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2014 £	2013 £
14. BORROWINGS		
Current:		
Bank overdraft (secured against hypothecation of crop)	24,738	-
Term loans secured	372	360
	<u>25,110</u>	<u>360</u>
Non-current:		
Bank loans (secured against property, plant and equipment and biological assets)	1,868	2,202
	<u>26,978</u>	<u>2,562</u>
Bank loans include the following amounts repayable over more than five years by instalments	2,240	2,562
Aggregate amount of loans	-	-
Amount due beyond five years	399	694
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand	25,110	360
Between 1 - 2 years	245	351
Between 2 - 5 years	1,224	1,156
After 5 years	399	694
	<u>26,978</u>	<u>2,562</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	235,650	181,220
Amounts owed to group companies	415,832	389,985
Interest payable	5,467	5,838
	<u>656,949</u>	<u>577,043</u>

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2014 £	2013 £
16. DEFERRED TAX LIABILITIES		
At 1 January	1,072,581	983,092
Exchange differences	60,245	4,024
(Credited) / Charged in statement of comprehensive income	(51,877)	85,465
At 31 December	<u>1,080,949</u>	<u>1,072,581</u>

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

	2014 £	2013 £
17. SHARE CAPITAL		
Authorised, allotted, and fully paid		
150,000 (2013: 150,000) shares of £1 each	<u>150,000</u>	<u>150,000</u>

	2014 £	2013 £
18. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
Profit from operations	477,170	1,056,892
Depreciation	36,379	31,107
Profit / result on disposal of other non-current assets	(3,541)	-
Decrease / (Increase) in inventories	52,648	(99,257)
Decrease in debtors	41,042	33,960
Increase / (decrease) in creditors	41,651	(31,576)
Change in intra-group balances	93,211	(569,730)
Exchange adjustments	<u>(23,048)</u>	<u>13,244</u>
Cash flow from operating activities	<u>715,512</u>	<u>434,640</u>

19. COMMITMENTS

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

	2014 £	2013 £
		As restated
Land		
Within 1 year	46,588	19,705
Between 1-5 years	70,967	73,894
After 5 years	<u>383,223</u>	<u>413,808</u>
	<u>500,778</u>	<u>507,407</u>

Following a reassessment arising from a previous dispute over the terms of tea estate land lease arrangements, operating lease commitments for 2013 have been restated. Previously reported figures in respect of 2013 are as follows:

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

THE MAZDEHEE TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20. 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	
	2014	2013
	£	£
Financial assets		
Cash and cash equivalents	189,127	101,797
Trade and other receivables	134,752	258,069
Investments	<u>1,901,863</u>	<u>1,796,475</u>
	<u>2,225,742</u>	<u>2,156,341</u>
Financial liabilities		
Trade and other payables	656,949	577,043
Borrowings	<u>26,978</u>	<u>2,562</u>
	<u>683,927</u>	<u>579,605</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

21. PARENT COMPANY

The ultimate parent company at 31st December 2014 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. Camellia Plc is the only company to consolidate the company's financial statements.

22. RELATED PARTY TRANSACTIONS

There were transactions with group companies during the year of £3,961 (2013: 5,461) 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	-	-	-
Lungla Sylhet	-	-	-
Duncan Brothers	-	(4,317)	(4,317)
Amo Tea Co Ltd	-	-	-
Surmah Valley Tea Co	-	-	-
Eastland Camellia Limited	356	-	356
The Chandpore Tea Co	-	-	-
	356	(4,317)	(3,961)

23. 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.