

MAZDEHEE TEA COMPANY, LIMITED (THE)

Registered number: 00031287

Report and Financial Statements
for the year ended 31 December 2020

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MAZDEHEE TEA COMPANY, LIMITED (THE)
REPORT AND FINANCIAL STATEMENTS
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MAZDEHEE TEA COMPANY, LIMITED (THE)
COMPANY INFORMATION

Directors

Peter Field

Susan Walker

Abdur Rouf Bhuiya (resigned 3 March 2021)

Imran Ahmed

Ehsan Quadir (appointed 3 March 2021)

Company Secretary

Amarpal Takk

Independent Auditor

Deloitte LLP

Statutory Auditor

1 New Street Square

London

EC4A 3HQ

United Kingdom

Registered Office

Linton Park

Linton

Maidstone

Kent

ME17 4AB

United Kingdom

Registered Number

00031287

MAZDEHEE TEA COMPANY, LIMITED (THE)
STRATEGIC REPORT
for the year ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

Business review, future developments and key performance indicators

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 attached financial statements.

Tea production for the year ended 31 December 2020 was 1.0 mkg (2019: 1.3 mkg). Despite a 19% increase in sales volume, the reduced demand for tea as a result of the closure of hot tea stalls due to COVID, and the resultant deterioration in average selling prices, the Company suffered a 3.3% decrease in turnover. This was exacerbated in part by a 17.6% increase in production staff day rates, contributing to an operating loss of £237,755 (2019: £229,674; 2019 included an exceptional charge to Workers Profit Participation of £367,462 and the COVID impact).

Principal risks and uncertainties

The Company grows and manufactures tea in Bangladesh, and is a wholly owned subsidiary of Camellia Plc 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 as disclosed in respect of Agriculture. A review of the principal risks and uncertainties, strategy and business model of the Camellia Plc group can be found in Camellia Plc's 2020 annual report on pages 24 to 27.

The nature of the Company's principal activity is such that the Board takes a long-term view on its operations. The Board receives monthly data on sales prices and volumes, cost of production and crop yields against budget. Rainfall and other climate data are also reviewed.

COVID-19

COVID-19 to date in 2021 has had a limited impact on the operations of the Company as in Bangladesh the government has allowed tea production to continue. However, there was some temporary disruption to tea transportation and to the operation of the auctions due to movement restrictions during the initial lockdown and the most significant impact was on demand due to the closure of hot tea stalls. As part of the Camellia Plc group, the Company's response is in line with that set out in Camellia Plc's 2020 annual report on pages 5 and 6.

The Directors recognise the very significant contribution from management and employees throughout the pandemic that allowed the Company to continue to trade almost uninterrupted despite the challenges created by COVID-19.

Approved by the Board



Susan Walker
Director
12 July 2021

MAZDEHEE TEA COMPANY, LIMITED (THE)

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

Principal Activities

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

Results and dividends

The loss for the year amounted to £97,183 (2019: loss £341,047). No dividend (2019: £nil) was paid during the year. The Directors have not proposed a final dividend for the year (2019: £nil).

Directors

The Directors of the Company that served during the year and up to the date of signing, are listed on page 2.

Insurance

Camellia Plc purchases insurance to cover the Company's Directors and officers in respect of legal actions against them in their capacity as directors of the Company. Directors have access to independent professional advice at Camellia Plc's expense.

Review of business

The Company undertakes its principal activities through a branch in Bangladesh.

Statement of directors' responsibilities

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

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

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.

MAZDEHEE TEA COMPANY, LIMITED (THE)

DIRECTORS' REPORT (continued)

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company as a whole, together with a description of the principal risks and uncertainties that they face; and
- the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Auditors

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

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are not aware.

Each Director has taken all the steps that he ought to have taken as a director, including making enquiries of fellow directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Employees

The Company's policy is to consult and discuss with employees on any matters likely to affect their interests. It is also company policy that due consideration be given to employment applications received from disabled persons and to give employees who become disabled every opportunity to continue their employment. Information on matters of concern to employees is given through regular bulletins, notices and briefings, in order to achieve a common awareness of the financial and economic factors affecting the performance of the Company.

Future developments

A statement of future developments is included in the Strategic Report.

Subsequent events

Other than for the consideration of the impact of COVID-19, as set out in the Strategic Report, there have been no subsequent events requiring disclosure.

MAZDEHEE TEA COMPANY, LIMITED (THE)
DIRECTORS' REPORT (continued)

Going concern

As set out in the Strategic Report, our business is currently operating broadly as normal.

The Directors, at the time of approving the financial statements, considered the Company's business activities together with the main trends and factors likely to affect the Company, and the most recent business performance of the Company along with the impacts of the pandemic.

The Directors considered the possible impact of the current COVID environment on the business for the next 15 months.

We have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our experience of trading through the pandemic over the last year, we expect the business to operate broadly as currently.

We have modelled various severe but plausible scenarios using assumptions including the effect of reduced sales volumes for tea during 2021. The revenue and operational impact of such volume reductions would have a substantially negative impact on Company profitability. We have also considered the risk of price reductions during 2021 for our tea.

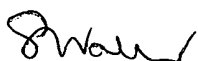
Historically in the tea sector, restrictions on, or reductions in the supply of tea, have led to higher selling prices. However, for prudence for the purposes of our downside scenario planning, we have not reflected increased selling prices for tea nor any significant reduction to our operating cost base. Under both the base case and the downside scenario, the Company is expected to have sufficient headroom relative to the funding available to it.

The Directors believe that the Company is well placed to manage its financing and other business risks satisfactorily and, have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Principal risks and uncertainties

The Company regularly monitors its risks. Information on the Company's identified risks are disclosed in note 22 to the financial statements.

Approved by the Board



Susan Walker
Director
12 July 2021

MAZDEHEE TEA COMPANY, LIMITED (THE)

REPORT OF THE INDEPENDENT AUDITORS

Opinion

In our opinion the financial statements of Mazdehee Tea Company, Limited (The) (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the cash flow statement;
- the statement of changes in equity; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**MAZDEHEE TEA COMPANY, LIMITED (THE)
REPORT OF THE INDEPENDENT AUDITORS**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

MAZDEHEE TEA COMPANY, LIMITED (THE)
REPORT OF THE INDEPENDENT AUDITORS

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

MAZDEHEE TEA COMPANY, LIMITED (THE)
REPORT OF THE INDEPENDENT AUDITORS

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

12 July 2021

MAZDEHEE TEA COMPANY, LIMITED (THE)
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2020

	Note	2020 £	2019 £
Continuing operations			
Revenue	2	1,912,263	1,978,450
Cost of sales	26	(2,019,095)	(2,067,138)
Gross loss		(106,832)	(88,688)
Net operating expenses	4	(130,923)	(140,986)
Operating loss	3	(237,755)	(229,674)
Investment income	5	24,281	15,756
Finance income		11,037	20,713
Finance costs		(10,853)	(71,740)
Employee benefit expense	19	273	(92)
Net finance income/(expense)		457	(51,119)
Loss before tax from continuing operations		(213,017)	(265,037)
Taxation	8	115,834	(76,010)
Loss after tax from continuing operations		(97,183)	(341,047)
Other comprehensive (expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations	19	(30,474)	1,852
Deferred tax movement in relation to post employment benefit obligations	18	9,876	(647)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(153,604)	(290,770)
Other comprehensive expense for the year, net of tax		(174,202)	(289,565)
Total comprehensive expense for the year		(271,385)	(630,612)

MAZDEHEE TEA COMPANY, LIMITED (THE)

BALANCE SHEET

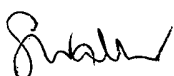
as at 31st December 2020

	Note	2020	2019
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment	9	3,518,254	3,700,273
Right-of-use assets	10	74,934	79,373
Investments	11	1,994,730	2,054,745
Trade and other receivables	13	12,135	12,500
Total non-current assets		5,600,053	5,846,891
Current assets			
Inventories	12	494,600	750,034
Trade and other receivables	13	212,316	145,945
Cash and cash equivalents		600,393	690,791
Total current assets		1,307,309	1,586,770
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	14	257	264
Lease liabilities	15	7,828	8,063
Trade and other payables	16	431,062	501,730
Current income tax liabilities		192,631	291,490
Provisions	17	131,590	91,988
Total current liabilities		763,368	893,535
Net current assets		543,941	693,235
Total assets less current liabilities		6,143,994	6,540,126
Non-current liabilities			
Financial liabilities - borrowings	14	413	673
Lease liabilities	15	71,355	73,528
Employee benefit obligations	19	39,448	1,687
Deferred tax liabilities	18	854,731	1,014,806
Total non-current liabilities		965,947	1,090,694
Net assets		5,178,047	5,449,432
EQUITY			
Called up share capital	20	150,000	150,000
Reserves		5,028,047	5,299,432
Total equity		5,178,047	5,449,432

Registered number: 00031287

The notes on pages 15 to 35 form part of the financial statements.

The Financial statements on pages 11 to 35 were approved on 12 July 2021 by the Board of Directors and signed on their behalf by:



Susan Walker
Director

MAZDEHEE TEA COMPANY, LIMITED (THE)

CASH FLOW STATEMENT

for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash generated from operations			
Cash flows from operating activities	21	157,862	725,017
Interest paid		(2,775)	(518)
Interest received		11,310	20,713
Income taxes paid		(106,993)	(296,440)
Net cash flow from operating activities		<u>59,404</u>	<u>448,772</u>
Cashflows from investing activities			
Purchases of property, plant and equipment		(149,196)	(37,546)
Dividends received		24,281	15,756
Net cash flow from investing activities		<u>(124,915)</u>	<u>(21,790)</u>
Cashflows from financing activities			
Loan repayments		(253)	(275)
Payments of lease liabilities		(8,250)	(8,386)
Net cash flow from financing activities		<u>(8,503)</u>	<u>(8,661)</u>
Net (decrease)/increase in cash and cash equivalents from continuing operations		(74,014)	418,321
Cash and cash equivalents at beginning of year		690,791	303,719
Exchange loss on cash		(16,384)	(31,249)
Cash and cash equivalents at end of year		<u>600,393</u>	<u>690,791</u>

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand.

MAZDEHEE TEA COMPANY, LIMITED (THE)
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

	Share Capital £	Retained Earnings £	Total Equity £
At 1 January 2019	150,000	5,930,044	6,080,044
Total comprehensive expense for the year	-	(630,612)	(630,612)
At 31 December 2019	150,000	5,299,432	5,449,432
Total comprehensive expense for the year	-	(271,385)	(271,385)
At 31 December 2020	150,000	5,028,047	5,178,047

MAZDEHEE TEA COMPANY, LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

The Company is a private company limited by shares, registered in England and Wales and incorporated under the Companies Act. The Company's registered number and registered office are set out at page 2.

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 (IFRS), IFRS Interpretations Committee (IFRS IC) interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared on the historical cost basis.

Going concern

The Directors Report on page 4 sets out details of the potential substantial risks to the Company's operations and sales arising from COVID-19 and the potential impact on our profitability and cash flows based on our scenario planning.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

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.

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

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

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

d) Property, plant and equipment

Property, plant and equipment includes biological assets (bearer plants) which are accounted for under IAS 16.

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.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

d) Property, plant and equipment (continued)

Rates of depreciation are:

Biological assets (Bearer plants)	28 to 50 years
Buildings	5 to 40 years
Plant and machinery	15 years
Vehicles	8 years
Fixtures, fittings, tools and equipment	10 to 20 years

No depreciation is provided on bearer plants until maturity when commercial levels of production have been reached. No depreciation is provided on assets under the course of construction until they are brought into use.

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.

e) Impairment of non-financial assets

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

f) Financial assets

Classification of financial assets

Equity instruments designated as at fair value through other comprehensive income 'FVTOCI'.

On initial recognition, the Company has made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments designated as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as investment income in the statement of comprehensive income.

The Company has designated all investments in equity instruments that are not held for trading purposes as FVTOCI on initial application of IFRS 9.

Impairment of financial assets

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

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

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above)

MAZDEHEE TEA COMPANY, LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) a disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of expected credit losses

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

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

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

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

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

g) Inventories

Agricultural produce included within inventory largely comprises stock of 'black' tea. In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs. Made tea inventories include the fair value of green leaf.

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.

h) Cash and cash equivalents

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

i) Borrowings

Interest-bearing 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.

j) Trade payables

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

k) Taxation

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

The tax currently payable is based on taxable profit for the 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.

l) Employee benefits

The Company partakes in both defined benefit and defined contribution pension schemes.

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

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the "projected unit" funding method.

MAZDEHEE TEA COMPANY, LIMITED (THE)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

l) Employee benefits (continued)

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Independent actuaries calculate the obligation annually using the "projected unit" funding method. Actuarial gains and losses arising from experience adjustments and changes in actuarial adjustments are recognised in full in the period in which they occur, they are not recognised in the Income Statement and are presented in the Statement of Comprehensive Income.

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

m) Provisions

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

n) Share capital

Ordinary shares are classified as equity.

o) Critical accounting judgements and key sources of estimation uncertainty

In the view of the Directors, apart from those involving estimations (which are presented separately below), no critical judgements have been made in the process of applying the Company's accounting policies which have a significant effect on the amounts recognised in the financial statements.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of assets

The Company has significant investments in property, plant and equipment (including bearer crops), as set out in note 9. These assets are tested for impairment when circumstances indicate there may be a potential impairment.

Factors considered which could trigger an impairment review include a significant fall in market values, significant underperformance relative to historical or projected future operating results, a major change in market conditions or negative cash flows.

(ii) Retirement benefit obligations

Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the Income Statement. These figures are particularly sensitive to assumptions for discount rates, life expectancy and inflation rates. Details of assumptions made and sensitivity analysis are given in note 19.

(iii) Taxation

Income tax liabilities include provisions based on management's interpretation of country specific law and the likelihood of settlement. This can involve a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses professional firms and previous experience when assessing tax risks. Where actual liabilities differ from the provisions, adjustments are made which can have a material impact on the Company's profits for the year. It is not practicable to quantify the range of outcomes with the application of sensitivity analyses. Tax provision movements are disclosed in note 8.

(iv) Provisions and other liabilities

Provisions include ongoing wage and bonus negotiations which are based on management's judgement of the expected outcome of these negotiations. Where actual wage and bonus awards differ from the provisions, adjustments are made which can have a material impact on the Company's profits for the year. Provision movements are disclosed in note 17.

(v) COVID

In addition, in light of the current ongoing impact of the COVID pandemic, valuations of certain assets and liabilities are necessarily more subjective.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

(iii) Taxation

Income tax liabilities include a number of provisions based on management's interpretation of country specific tax law and the likelihood of settlement. This can involve a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the provisions, adjustments are made which can have a material impact on the Company's profits for the year. It is not practicable to quantify the range of outcomes with the application of sensitivity analyses.

Other than for the above, the Company does not rely on any other critical judgements, nor sources of estimation uncertainty.

IFRS 16 LEASES

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £0.01 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 2020:

Impact of the initial application of other new and amended IFRS Standards that are effective for the current year

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations concluded that they will not have a material impact on the Company.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

Amendments to IFRS 3 - Reference to the Conceptual Framework

Amendments to IAS 16 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020

- The Annual Improvements include amendments to Standards:
- IFRS 9 Financial Instruments - derecognition of a financial liability
- IFRS 16 Leases - reimbursement of leasehold improvements

IAS 41 Agriculture - The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value

- Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020 £	2019 £
2. REVENUE		
Tea and Rubber Sales - Bangladesh	1,912,263	1,978,450
Recognised at a point in time	1,912,263	1,978,450
	2020 £	2019 £
3. OPERATING LOSS		
Is stated after charging:		
Depreciation of tangible assets	227,131	233,497
Depreciation of right-of-use assets	2,236	2,993
Cost of inventories recognised as an expense (included in cost of sales)	195,076	332,090
Employee costs	813,096	840,232
Fees payable to Deloitte LLP for the audit of the Company's annual accounts of £8,000 (2019: £8,300) were borne by Camellia Plc, the ultimate parent undertaking, without recharge.		
	2020 £	2019 £
4. NET OPERATING EXPENSES		
Administrative expenses	144,780	168,346
Other income - rent received and intra-group recharges	(13,857)	(27,360)
	130,923	140,986
	2020 £	2019 £
5. INVESTMENT INCOME		
Income from investments - dividends received	24,281	15,335
Income from unlisted investments - dividends received	-	421
	24,281	15,756
	2020 £	2019 £
6. EMPLOYEES AND DIRECTORS		
Staff costs:		
Wages and salaries	764,015	790,641
Employment benefit obligation costs	49,081	49,591
	813,096	840,232
	2020 Number	2019 Number
The monthly average number of persons employed by the company was:		
Management and administration	50	49
Production	1,172	1,213
	1,222	1,262

The Directors received no emoluments during the year from the Company (2019: £nil) as they are remunerated by other group companies and the value of their services to this company was negligible.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DIVIDENDS	2020	2019
	£	£
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2020 of £nil (2019: £nil) per share	£0.00	-
	<hr/>	<hr/>
8. TAXATION	2020	2019
	£	£
The Company's branch is resident for taxation purposes in Bangladesh.		
(a) Current tax		
UK Corporation tax:		
UK Corporation tax at 19% (2019: 19%)	-	-
Double tax relief	-	-
	<hr/>	<hr/>
Foreign tax:		
Current tax on loss for the year	11,770	254,385
Deferred tax - origination and reversal of timing differences	(127,604)	(178,375)
Tax on loss on ordinary activities	<hr/> (115,834) <hr/>	<hr/> 76,010 <hr/>
(b) Factors affecting tax charge for the year		
The differences between tax calculated at the standard rate of taxation in the UK of 19% (2019: 19%) and that charged in the Financial Statements are explained below:		
	2020	2019
	£	£
Loss on ordinary activities before taxation	(213,017)	(265,037)
	<hr/>	<hr/>
Tax on loss on ordinary activities at 19% (2019: 19%)	(40,473)	(50,357)
Effects of:		
Unrecognised deferred tax on losses	40,473	50,357
Expenses not deductible for tax purposes		121,821
Adjustment in respect of foreign tax rates	-	-
Movement in other timing differences	(115,834)	(45,811)
	<hr/>	<hr/>
Total tax (credit)/charge for the year	<hr/> (115,834) <hr/>	<hr/> 76,010 <hr/>
(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.		
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.		

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

9. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants £	Buildings £	Plant and Machinery £	Vehicles £	Fixtures, Fittings Tools and Equipment £	Assets in Course of Construction £	Total £
Deemed Cost							
At 1 January 2019	4,063,302	656,608	638,539	75,871	109,232	111,939	5,655,491
Currency retranslation	(204,016)	(33,796)	(31,743)	(3,785)	(5,525)	(4,695)	(283,560)
Transfers between categories	34,663	26,996	-	-	-	(61,659)	-
Additions	-	95	-	-	1,975	72,367	74,437
Disposals	(236)	-	(2,842)	-	-	(33,813)	(36,891)
At 31 December 2019	3,893,713	649,903	603,954	72,086	105,682	84,139	5,409,477
Currency retranslation	(114,798)	(20,717)	(18,026)	(2,115)	(3,087)	(6,902)	(165,645)
Transfers between categories	20,881	-	7,527	186	-	(28,594)	-
Additions	-	33,860	-	-	-	118,631	152,491
Disposals	-	-	-	-	-	(3,294)	(3,294)
At 31 December 2020	3,799,796	663,046	593,455	70,157	102,595	163,980	5,393,029
Accumulated Depreciation							
At 1 January 2019	732,621	306,483	392,685	53,819	80,148	-	1,565,756
Currency retranslation	(43,078)	(16,158)	(20,528)	(2,921)	(4,287)	-	(86,972)
Disposals	(236)	-	(2,841)	-	-	-	(3,077)
Charge for the year	169,981	22,602	27,258	6,137	7,519	-	233,497
At 31 December 2019	859,288	312,927	396,574	57,035	83,380	-	1,709,204
Currency retranslation	(33,669)	(10,156)	(12,957)	(1,975)	(2,803)	-	(61,560)
Charge for the year	167,270	19,835	26,820	6,030	7,176	-	227,131
At 31 December 2020	992,889	322,606	410,437	61,090	87,753	-	1,874,775
Net book value							
At 31 December 2020	2,806,907	340,440	183,018	9,067	14,842	163,980	3,518,254
Net book value							
At 31 December 2019	3,034,425	336,976	207,380	15,051	22,302	84,139	3,700,273

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

10. RIGHT-OF-USE ASSETS

	Land and Buildings £	Total £
Deemed cost		
Impact on adopting IFRS 16 at 1 January 2019	86,569	86,569
Currency retranslation	(4,318)	(4,318)
At 31 December 2019	82,251	82,251
Currency retranslation	(2,402)	(2,402)
At 31 December 2020	79,849	79,849
Accumulated Depreciation		
Impact on adopting IFRS 16 at 1 January 2019	-	-
Currency retranslation	(115)	(115)
Charge for the year	2,993	2,993
At 31 December 2019	2,878	2,878
Currency retranslation	(199)	(199)
Charge for the year	2,236	2,236
At 31 December 2020	4,915	4,915
Net book value		
At 31 December 2020	74,934	74,934
Net book value		
At 31 December 2019	79,373	79,373

The Company leases assets including land and buildings. The average lease term is 29 years.
The maturity analysis of lease liabilities is presented in note 15.

	2020 £
Amounts recognised in the Statement of Comprehensive Income:	
Interest expense on lease liabilities	8,224

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020 £	2019 £
11. INVESTMENTS		
Investments in subsidiaries of Camellia Group - at cost		
At 1st January	1,963,769	2,066,871
Exchange differences	(57,358)	(103,102)
At 31st December	<u>1,906,411</u>	<u>1,963,769</u>
Investments in associates of Camellia Group - at cost		
At 1st January	90,976	95,752
Exchange differences	(2,657)	(4,776)
At 31st December	<u>88,319</u>	<u>90,976</u>
12. INVENTORIES	2020 £	2019 £
Stock of tea	162,803	391,571
Stock of rubber	48,522	79,432
Estate stores	283,275	279,031
	<u>494,600</u>	<u>750,034</u>
13. TRADE AND OTHER RECEIVABLES	2020 £	2019 £
Due within one year		
Trade debtors	118,613	72,922
Other debtors	16,396	16,015
Amounts owed by group companies	69,054	48,924
Prepayments and accrued income	8,253	8,084
	<u>212,316</u>	<u>145,945</u>
Due after more than one year		
Other debtors	<u>12,135</u>	<u>12,500</u>

No expected credit loss allowance was made at 31 December 2020 (2019: £nil) as no trade debtors were past their due date at 31 December 2020.

The credit quality of financial assets has been reviewed and is considered to be satisfactory.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020	2019
	£	£
14. BORROWINGS		
Current:		
Term loans secured	257	264
Non-current:		
Bank loans (secured against property, plant and equipment and biological assets)	413	673
	<u>670</u>	<u>937</u>
 The repayments of bank loans and overdrafts fall due as follows:		
Within one year	257	264
Between 1 - 2 years	257	529
Between 2 - 5 years	156	144
	<u>670</u>	<u>937</u>

Interest rates vary from 9.5% per annum to 13% per annum.

15. LEASES		
	2020	2019
	£	£
Maturity analysis		
Within one year	7,828	8,063
Between 1 - 2 years	7,828	8,063
Between 2 - 5 years	23,484	24,189
After 5 years	40,043	41,276
	<u>79,183</u>	<u>81,591</u>
 Analysed as:		
Current	7,828	8,063
Non-current	71,355	73,528
	<u>79,183</u>	<u>81,591</u>

The Company does not face a significant liquidity risk with regard to its lease liabilities.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

	2020 £	2019 £
16. TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Trade and other creditors	73,910	121,214
Accruals	343,010	353,330
Amounts owed to group companies	14,142	27,186
	<u>431,062</u>	<u>501,730</u>

17. PROVISIONS		£
At 1 January 2020		91,988
Exchange differences		(4,971)
Provided in period		675,210
Utilised in period		<u>(630,637)</u>
At 31 December 2020		<u>131,590</u>

The provisions are in respect of ongoing wage and bonus negotiations.

18. DEFERRED TAX :	2020 £	2019 £
ASSETS		
At 1 January	124,256	2,358
Exchange differences	(3,828)	(5,002)
Movement in statement of comprehensive income	(6,006)	127,547
Movement relating to retirement benefit obligations - included in other comprehensive income	9,876	<u>(647)</u>
At 31 December	<u>124,298</u>	<u>124,256</u>

The deferred tax asset at the start and at the end of the year relates to retirement benefit obligations and Workers Profit Participation costs. Deferred tax assets are recognised only to the extent that the realisation of the related deferred tax benefit through future taxable profits is probable.

LIABILITIES	2020 £	2019 £
At 1 January	1,139,062	1,250,303
Exchange differences	(26,423)	(60,413)
Movement in statement of comprehensive income	<u>(133,610)</u>	<u>(50,828)</u>
At 31 December	<u>979,029</u>	<u>1,139,062</u>
NET	<u>(854,731)</u>	<u>(1,014,806)</u>

The deferred tax liability at the start and end of the year relates to accelerated tax depreciation.

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. EMPLOYMENT BENEFIT OBLIGATIONS

The Company has an obligation to make compensation payments on retirement or other events terminating employment, based on years of service. These obligations are estimated annually using the projected unit method by qualified independent actuaries.

The defined benefit plans are administered by separate funds that are legally separated from the Company. The plans typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk. The most recent actuarial valuations of the plans assets and the present value of the defined benefit liability were carried out as at 31 December 2020 by Ritobrata Sarkar, Fellow of the Institute of Actuaries, UK, of Willis Towers Watson India Private Ltd.

The principal rules of the Gratuity Scheme are:

- Benefit formula - percentage of last drawn basic salary multiplied by years of service
- Form of payment - lump sum

Assumptions

The major assumptions used in the valuation (actuary's report of 12 January 2021) to determine the present value of the post-employment benefit obligations were as follows:

	2020 per annum	2019 per annum
Rate of increase in salaries	6.00%	7.00%
Discount rate applied to scheme liabilities	5.80%	9.00%

Sensitivity analysis	Change in assumption	Impact on benefit obligation
Discount rate	+ 1%	-8.4%
Discount rate	-1%	9.7%
Salary escalation	+ 1%	9.5%
Salary escalation	-1%	-8.5%

The expected total contributions to the Gratuity Scheme for the period ending 31 December 2021, is £11,481.

The weighted average duration of defined benefit obligation of the plan is 9 years.

Asset allocations are as follows:

	Gratuity Scheme
Fixed deposits	97.84%
Cash including special deposits	2.16%

Actuarial valuations	2020 £	2019 £
Debt securities	181,748	178,252
Cash	4,012	12,209
Total fair value of plan assets	185,760	190,461
Present value of defined benefit obligations	(225,208)	(192,148)
Total deficit in the scheme	(39,448)	(1,687)

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. EMPLOYMENT BENEFIT OBLIGATIONS (continued)

	2020 £	2019 £
Amount recognised in the balance sheet	(39,448)	(1,687)
Deferred tax asset on defined benefit scheme	12,821	548
Net surplus	<u>(26,627)</u>	<u>(1,139)</u>

	2020 £	2019 £
Movements in the fair value of scheme assets were as follows:		
At 1 January	190,461	172,945
Expected return on plan assets	17,014	12,947
Employer contributions	-	12,947
Benefit payments	(16,104)	-
Actuarial movement	(91)	1,297
Exchange movement	(5,520)	(9,675)
At 31 December	<u>185,760</u>	<u>190,461</u>

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

	2020 £	2019 £
At 1 January	(192,148)	(179,683)
Current service cost	(9,735)	(9,802)
Interest cost	(16,741)	(13,039)
Benefit payments	16,104	-
Actuarial movement	(30,383)	555
Exchange movement	7,695	9,821
At 31 December	<u>(225,208)</u>	<u>(192,148)</u>

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

19. EMPLOYMENT BENEFIT OBLIGATIONS (continued)

Income statement

The amounts recognised in the income statement are as follows:

	2020 £	2019 £
Current service cost	(9,735)	(9,802)
Interest	273	(92)
Total (charged) to Income Statement	<u>(9,462)</u>	<u>(9,894)</u>

Liabilities for workers profit participation in Bangladesh are charged to profit when the obligation arises. There was no charge for 2020. An amount of £367,462 was charged in 2019 relating to prior years and was recognised as a consequence of events in 2019.

Statement of comprehensive income

The amounts recognised in other comprehensive income are as follows:

	2020 £	2019 £
Remeasurements:		
Return on plan assets, excluding amount included in interest	(91)	1,297
Movement from changes in financial assumptions	<u>(30,383)</u>	<u>555</u>
Actuarial movement	<u>(30,474)</u>	<u>1,852</u>

20. SHARE CAPITAL

Allotted, called up and fully paid

150,000 (2019: 150,000) shares of £1 each

	2020 £	2019 £
	150,000	150,000

21. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW

	2020 £	2019 £
Operating loss	(237,755)	(229,674)
Depreciation	229,367	233,412
Actuarial gain	(30,388)	1,850
Movement in inventories	246,140	(88,815)
Movement in debtors	(51,725)	(592)
Movement in creditors	38,357	388,353
Change in intra-group balances	(35,635)	421,110
Exchange adjustments	<u>(499)</u>	<u>(627)</u>
Cash flow from operations	<u>157,862</u>	<u>725,017</u>

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

22. 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 14, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	Carrying value	
	2020	2019
Assets as per Balance Sheet	£	£
Cash at bank and in hand	600,393	690,791
Trade and other receivables excluding prepayments	216,198	150,361
	<u>816,591</u>	<u>841,152</u>
Liabilities as per Balance Sheet		
Other financial liabilities at amortised cost		
Borrowings	670	937
Lease liabilities	79,183	81,591
Trade and other payables excluding taxation	431,062	501,730
	<u>510,915</u>	<u>584,258</u>

Financial risk management objectives

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

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

22. FINANCIAL INSTRUMENTS (continued)

(A) Market risk

(i) Foreign exchange risk

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

(ii) Price risk

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

(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.

23. 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 - web address: www.camellia.plc.uk. Both companies have their registered office at Linton Park, Linton, Maidstone, Kent, ME17 4AB.

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

MAZDEHEE TEA COMPANY, LIMITED (THE)
NOTES TO THE FINANCIAL STATEMENTS (continued)

24. RELATED PARTY TRANSACTIONS

Related party transactions in respect of intra-group sales and recharges which are included within revenue and cost of sales, and outstanding debtor/(creditor) balances which are included within Trade and other receivables, and Trade and other payables, are as follows:

Company Name	Sales £	Purchases £	Recharges £	Debtor / (creditor) £
Chandpore Tea Company Limited (The)	315	-	-	2,319
Surmah Valley Tea Company Limited	415	-	-	15,002
Amo Tea Company Ltd	378	-	-	4,705
Allynugger Tea Company, Limited (The)	1,367	-	-	5,821
Lungla (Sylhet) Tea Company, Limited (The)	21,446	-	(114,294)	32,819
Duncan Brothers (Bangladesh) Ltd	-	-	(5,680)	4,009
Eastland Camellia Ltd	27	-	-	-
Longbourne Holdings Ltd	-	-	-	(13,963)
Octavius Steel & Company Ltd	-	-	-	(179)
	<u>23,948</u>	<u>-</u>	<u>(119,974)</u>	<u>50,533</u>

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

25. 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.

26. MATERIAL PROFIT OR LOSS ITEMS

The Company has identified items which are material due to the significance of the amounts. These are listed separately here to provide a better understanding of the financial performance of the Company.

	2020 £	2019 £
Workers Profit Participation charge	-	367,462

The Workers Profit Participation charge in 2019 relates to prior year obligations and was recognised as a result of regulatory developments in 2019.