

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT AND FINANCIAL STATEMENTS

31st December 2015



THE ALLYNUGGER TEA COMPANY, LIMITED

Incorporated 1892

SHARE CAPITAL

Authorised		Issued
50,000	In 6% cumulative preference shares of £1 each	50,000
400,000	In ordinary shares of £1 each	400,000
<u>£450,000</u>		<u>£ 450,000</u>

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
37431

THE ALLYNUGGER TEA COMPANY, LIMITED

Strategic report for the year ended 31 December 2015

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

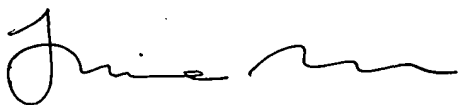
Business review and future developments

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

Principal risks and uncertainties and key performance indicators

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

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



J.A. Morton
Secretary

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

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

Principal Activities

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

Results and dividends

The loss for the year amounted to £589,538 (2014: £200,863 profit). No dividend was paid during the year (2014: £603,000).

Directors

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

Review of business

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

Recently enacted legislation in Bangladesh requires companies to make a payment on retirement or other events terminating employment, based upon compensation and length of service. This resulted in a charge relating to prior years of £1,154,293. Details are set out in note 17.

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

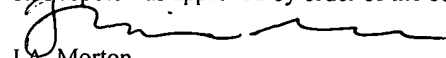
Disclosure of information to auditors

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

Independent Auditors

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

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


J.A. Morton
Company Secretary

THE ALLYNUGGER TEA COMPANY, LIMITED

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

Report on the financial statements

Our opinion

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

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

What we have audited

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

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

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors’ remuneration

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

THE ALLYNUGGER TEA COMPANY, LIMITED

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

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



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

Date 15th August 2016

THE ALLYNUGGER TEA COMPANY, LIMITED

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

	Note	2015 £	2014 £
Revenue	2	2,235,075	2,319,504
Cost of sales		<u>(2,140,900)</u>	<u>(1,930,929)</u>
Gross profit		94,175	388,575
Net operating expenses	4	<u>(172,119)</u>	<u>(178,119)</u>
Operating (loss)/profit - before one off items	3	(77,944)	210,456
Gain/(loss) arising from changes in fair value of biological assets	10	32,439	(263,659)
Prior year post employment benefits	17	<u>(1,154,293)</u>	<u>-</u>
Operating loss		(1,199,798)	(53,203)
Investment income	5	90,567	207,643
Finance income		514	152
Finance costs		<u>(20,846)</u>	<u>(12,923)</u>
(Loss)/Profit on ordinary activities before taxation		(1,129,563)	88,466
Taxation	8	<u>540,025</u>	<u>59,194</u>
(Loss)/Profit for the year		(589,538)	147,660
Other comprehensive income / (loss)			
Foreign exchange translation differences		280,513	311,895
Fair value adjustment		<u>(7,410)</u>	<u>(10,637)</u>
Total comprehensive (expense) / income for the year		<u>(316,435)</u>	<u>448,918</u>

BALANCE SHEET
as at 31st December 2015

	Note	2015		2014	
		£	£	£	£
NON-CURRENT ASSETS					
Property, plant and equipment	9		910,521		872,430
Biological assets	10		4,805,841		4,458,531
Investments	11		<u>2,173,245</u>		<u>2,077,970</u>
			7,889,607		7,408,931
CURRENT ASSETS					
Inventories	12	534,101		598,954	
Trade and other receivables	13	355,068		224,865	
Cash and cash equivalents		<u>612,272</u>		<u>226,738</u>	
		1,501,441		1,050,557	
CURRENT LIABILITIES					
Borrowings	14	516,261		3,264	
Trade and other payables	15	1,229,532		1,206,898	
Current income tax liabilities		<u>(20,381)</u>		<u>182,614</u>	
		1,725,412		1,392,776	
NET CURRENT LIABILITIES			<u>(223,971)</u>		<u>(342,219)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,665,636		7,066,712
NON-CURRENT LIABILITIES					
Borrowings	14	52,682		53,306	
Post employment benefit liability	17	1,258,643		-	
Deferred tax liabilities	16	<u>738,348</u>		<u>1,081,008</u>	
			2,049,673		1,134,314
NET ASSETS			<u>5,615,963</u>		<u>5,932,398</u>
EQUITY					
Called up share capital	18		400,000		400,000
Retained earnings			<u>5,215,963</u>		<u>5,532,398</u>
TOTAL EQUITY			<u>5,615,963</u>		<u>5,932,398</u>

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

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



S.A. WALKER
Director

THE ALLYNUGGER TEA COMPANY, LIMITED

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

	Called Up Share Capital £	Retained earnings £	Total Equity £
At 1 January 2014	400,000	5,633,277	6,033,277
Dividend	-	(603,000)	(603,000)
Total comprehensive income for the year	-	502,121	502,121
At 1 January 2015	400,000	5,532,398	5,932,398
Dividend	-	-	-
Total comprehensive expense for the year	-	(316,435)	(316,435)
At 31 December 2015	400,000	5,215,963	5,615,963

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 15% (2014: 15%) is charged when profits are remitted. Cumulative exchange losses amount to £99,057 (2014: £379,570 losses).

THE ALLYNUGGER TEA COMPANY, LIMITED

CASH FLOW STATEMENT
for the year ended 31st December 2015

	Note	2015 £	2014 £
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	18	4,997	1,098,593
Interest paid		(11,493)	(23,594)
Interest received		14	152
Income taxes paid		(52,157)	(343,576)
Net cash flow from continuing operating activities		(58,639)	731,575
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(74,819)	(349,634)
Disposal of property plant & equipment		-	11,270
Purchases of biological assets		(91,223)	(72,040)
Dividends received from NTC shares		185	258
Dividends received from associates		19,976	18,558
Dividends received from group companies		70,406	188,827
Net cash flow from investing activities		(75,475)	(202,761)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(3,336)	(3,442)
Dividends paid		-	(603,000)
Net cash flow from financing activities		(3,336)	(606,442)
Net decrease in cash and cash equivalents		(137,450)	(77,628)
Cash and cash equivalents at beginning of year		226,738	291,284
Exchange adjustment on cash and cash equivalents		7,511	13,082
Cash and cash equivalents at end of year		96,799	226,738
Cash and cash equivalents included in the cash flow statement comprise the following:-			
Cash at bank and in hand		612,272	226,738
Bank overdraft		(515,473)	-
		96,799	226,738

THE ALLYNUGGER 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 group has followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation of assets is calculated to write off their cost less residual value on a straight line basis over their expected useful lives.

Rates of depreciation are:-

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

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

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

THE ALLYNUGGER 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 subsidiary, fellow subsidiaries and associated companies of the ultimate parent are included at cost or fair value. Other listed investments are carried at fair values based on current bid values.

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 ALLYNUGGER 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 it is probable that future taxable profit will be available against which the temporary differences can be utilised.

m) Financial Instruments

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

n) Employee benefits

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

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

THE ALLYNUGGER 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

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

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

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

IAS 16 and IAS 41 (amendments) Reporting for bearer plants- effective from 1 January 2016

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

IFRS 15

Revenue from contracts with customers - effective from 1 January 2018

This standard will replace IAS 18 which covers contracts for good and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. At this stage, the company is not able to estimate the impact of the new rules on the financial statements. This standard has not yet been endorsed by the EU.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
2. REVENUE	£	£
Bangladesh		
Tea Sales	2,106,581	2,261,592
Rubber Sales	128,494	57,912
	<u>2,235,075</u>	<u>2,319,504</u>
3. OPERATING PROFIT	2015	2014
	£	£
Is stated after charging:		
Depreciation of tangible assets	79,710	56,091
Remuneration of the auditors	1,447	1,346
Land rent	38,422	68,744
Employee costs	<u>1,156,868</u>	<u>965,337</u>
4. NET OPERATING EXPENSES	2015	2014
	£	£
Administrative expenses	172,119	188,797
Other income	-	(10,678)
	<u>172,119</u>	<u>178,119</u>
5. INVESTMENT INCOME	2015	2014
	£	£
Income from listed investments	20,161	18,816
Income from unlisted investments	<u>70,406</u>	<u>188,827</u>
	<u>90,567</u>	<u>207,643</u>
6. EMPLOYEES AND DIRECTORS	2015	2014
	£	£
Staff costs:-		
Wages and salaries	1,082,307	897,890
Other pension costs	<u>74,562</u>	<u>67,447</u>
	<u>1,156,868</u>	<u>965,337</u>
The monthly average number of persons employed by the company was:	2015 Number	2014 Number
	<u>3,648</u>	<u>3,750</u>

The directors received no emoluments during the year from the company (2014: £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 ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. DIVIDENDS	2015 £	2014 £
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2015 of nil (2014:£1.51p) per share	-	603,000
8. TAXATION	2015 £	2014 £
(a) Current tax		
UK Corporation tax:		
UK Corporation tax at 20.25% (2014: 21.5%)	59,194	50,554
Double tax relief	(59,194)	(50,554)
	-	-
Foreign tax:		
Corporation tax	-	86,088
Adjustment in respect of previous years	(154,312)	-
Total current tax	(154,312)	86,088
Deferred tax:		
Temporary timing differences	(385,713)	(145,282)
Tax on profit on ordinary activities	(540,025)	(59,194)

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

(b) Factors affecting tax charge for year

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

	2015 £	2014 £
(Loss) / Profit on ordinary activities before tax	(1,129,563)	88,466
(Loss)/Profit on ordinary activities at 20.25% (2014: 21.5%)	(228,737)	19,020
Effects of:		
(Income) / Expenditure not deductible for tax purposes	(131,789)	(1,497)
Movement in other timing differences	-	(78,216)
Higher tax rates on overseas earnings	(179,499)	(9,940)
	(540,025)	(70,633)

(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 ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings £	Plant and Machinery £	Vehicles £	Fixtures, Fittings Tools and Equipment £	Assets in Course of Construction £	Total £
Cost						
At 1st January 2014	536,815	538,454	133,772	298,002	5,521	1,512,564
Currency retranslation	36,666	37,307	7,848	14,695	789	97,305
Additions	154,509	181,121	-	4,989	9,015	349,634
Disposals	<u>2,800</u>	<u>(70,297)</u>	<u>-</u>	<u>3,045</u>	<u>(5,845)</u>	<u>(70,297)</u>
At 31st December 2014	730,790	686,585	141,620	320,731	9,480	1,889,206
Currency retranslation	37,681	34,372	6,998	15,849	468	95,368
Additions	58,346	16,474	-	-	-	74,820
Disposals/transfer	<u>9,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,948)</u>	<u>-</u>
At 31st December 2015	<u>836,765</u>	<u>737,431</u>	<u>148,618</u>	<u>336,580</u>	<u>-</u>	<u>2,059,394</u>
Accumulated depreciation						
At 1st January 2014	349,743	331,691	89,929	202,593	-	973,956
Currency retranslation	21,276	16,920	5,699	12,539	-	56,434
Provision for the year	14,696	20,521	8,192	12,682	-	56,091
Disposals	<u>-</u>	<u>(69,705)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(69,705)</u>
At 31st December 2014	385,715	299,427	103,820	227,814	-	1,016,776
Currency retranslation	19,775	15,661	5,348	11,603	-	52,387
Provision for the year	26,580	32,170	8,121	12,839	-	79,710
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31st December 2015	<u>432,070</u>	<u>347,258</u>	<u>117,289</u>	<u>252,256</u>	<u>-</u>	<u>1,148,873</u>
Net book value						
At 31st December 2015	<u>404,695</u>	<u>390,173</u>	<u>31,329</u>	<u>84,324</u>	<u>-</u>	<u>910,521</u>
Net book value						
At 31st December 2014	<u>345,075</u>	<u>387,158</u>	<u>37,800</u>	<u>92,917</u>	<u>9,480</u>	<u>872,430</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. BIOLOGICAL ASSETS

	Tea	Other horticulture	Total
Fair value	£	£	£
At 1 January 2014	3,133,664	1,268,145	4,401,809
Exchange differences	184,150	64,191	248,341
Increases due to purchases	67,555	4,485	72,040
Losses arising from changes in fair value less estimated point-of-sale costs	(61,447)	(202,212)	(263,659)
At 1 January 2015	3,323,922	1,134,609	4,458,531
Exchange differences	166,934	56,714	223,648
Increases due to purchases	87,480	3,743	91,223
Gain/(Losses) arising from changes in fair value less estimated point-of-sale costs	12,167	20,272	32,439
At 31 December 2015	3,590,503	1,215,338	4,805,841

Other horticulture comprises rubber production.

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

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

	2015 Hectares	2014 Hectares
Tea	1,503	1,517
Rubber	353	353
Output of agricultural produce during the year was:	2015 Metric tonnes	2014 Metric tonnes
Tea	1,307	1,558
Rubber	99	98
Fair value of agricultural output from tea operations after deducting estimated point-of-sale costs	2015 £	2014 £
	1,044,000	1,183,821

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2015	2014
	£	£
11. INVESTMENTS		
Cost at 1st January	2,077,970	1,972,870
Gain on currency fluctuation	102,685	115,737
Fair value adjustment	(7,410)	(10,637)
At 31st December	2,173,245	2,077,970
Investments at cost include:		
Listed on Dhaka Stock Exchange	151,948	151,853
Market value	579,140	732,666
Investments consist of:		
Fellow subsidiaries of Camellia group	2,021,297	1,926,115
Investment in Associates of Camellia group	93,092	88,709
Available for sale investments	58,856	63,146
	2,173,245	2,077,970
12. INVENTORIES		
	2015	2014
	£	£
Stock of tea	268,168	277,312
Stock of rubber	103,777	122,082
Estate stores	162,156	199,560
	534,101	598,954

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

	2015	2014
	£	£
13. TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	117,372	161,916
Other debtors	17,561	18,474
Amounts owed by group companies	181,885	8,748
Prepayments and accrued income	19,745	18,093
Due in more than one year		
Other debtors	18,505	17,634
	355,068	224,865

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

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2015 £	2014 £
14. BORROWINGS		
Current:		
Bank overdraft (secured against hypothecation of crop)	515,473	-
Term loans secured	788	3,264
	516,261	3,264
Non-current:		
Bank loans (secured against property, plant and equipment and biological assets)	2,682	3,306
50,000 (2014: 50,000) 6% cumulative preference shares of £1 each	50,000	50,000
	568,943	56,570
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	2,682	3,306
Amount due beyond five years	894	1,278
The repayments of bank loans and overdrafts fall due as follows:		
Within 12 months or on demand	788	3,264
Between 1 - 2 years	447	750
Between 2 - 5 years	1,341	1,278
After 5 years	894	1,278
	3,470	6,570

Interest rates vary from 9% per annum to 13% per annum.

	2015 £	2014 £
15. TRADE AND OTHER PAYABLES		
Amounts falling due within one year		
Trade and other creditors	480,694	396,733
Amounts owed to group companies	738,833	809,783
Interest payable	10,005	382
	1,229,532	1,206,898

	2015 £	2014 £
16. DEFERRED TAX		
At 1 January	1,081,008	1,165,420
Exchange differences	43,053	60,870
Credited in statement of comprehensive income	(385,713)	(145,282)
At 31 December	738,348	1,081,008

The deferred tax balance comprises the following liabilities and (assets):

Deferred tax liabilities - accelerated tax depreciation on biological assets

	2015 £	2014 £
At 1 January	1,081,008	1,165,420
Exchange differences	54,583	60,870
(Credited) / Charged in statement of comprehensive income	43,282	(145,282)
At 31 December	1,178,873	1,081,008

Deferred tax assets - tax losses arising on prior year pension contributions

	2015 £	2014 £
At 1 January	-	-
Exchange differences	(11,530)	-
(Credited) / Charged in statement of comprehensive income	(428,995)	-
At 31 December	(440,525)	-

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17. POST-EMPLOYMENT BENEFIT OBLIGATIONS

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

Assumptions

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

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

Actuarial valuations

	2015 £	2014 £
Present value of defined benefit obligations	(1,258,643)	-
Total	(1,258,643)	-

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

	2015 £	2014 £
At 1 January	-	-
Current service cost	(71,407)	-
Past service cost	(1,154,293)	-
Exchange movement	(32,943)	-
At 31 December	(1,258,643)	-

Statement of comprehensive income

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

Amounts charged to operating profit:

Current service cost	(71,407)	-
Amounts charged to profit on ordinary activities:		
Past service cost	(1,154,293)	-

The past service cost of £1,154,293 relates to recently enacted legislation in Bangladesh which requires companies to make a payment on retirement or other events terminating employment to all employees, based upon compensation and length of service. Current service costs relates to these changes.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	2015 £	2014 £
18. CALLED UP SHARE CAPITAL		
Authorised, allotted, and fully paid		
400,000 (2013: 400,000) ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

	2015 £	2014 £
19. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
(Loss)/profit from operations	(77,944)	210,456
Depreciation	79,710	56,091
Profit on disposal of property, plant and equipment	-	(10,678)
Decrease in inventories	91,980	153,701
Decrease in debtors	52,709	9,101
Increase/(decrease) in creditors	134,077	(4,415)
Change in intra-group balances	(293,987)	701,817
Exchange adjustments	18,452	(17,480)
Cash flow from operating activities	<u>4,997</u>	<u>1,098,593</u>

20. COMMITMENTS

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

	2015 £	2014 £
Land		
Within 1 year	172,418	117,351
Between 1-5 years	157,820	73,978
After 5 years	<u>1,065,286</u>	<u>399,480</u>
	<u>1,395,524</u>	<u>590,809</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the company consists of debt, which includes the borrowings disclosed in note 13, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	Carrying value	
	2015	2014
Financial assets	£	£
Cash and cash equivalents	612,272	226,738
Trade and other receivables	153,438	198,024
Investments	2,173,245	2,077,970
	<u>2,938,955</u>	<u>2,502,732</u>
	2015	2013
Financial liabilities	£	£
Trade and other payables	2,488,175	1,206,898
Borrowings	3,470	6,570
	<u>2,491,645</u>	<u>1,213,468</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 ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

22. PARENT COMPANY

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

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

23. RELATED PARTY TRANSACTIONS

The net transactions with group companies during the year of £ 6,705 (2014: £6,959) in respect of inter group sales and recharges which are included within revenue and cost of sales.

	Sales to £	Recharges £	Net £
Company Name			
Duncan Brothers Ltd	-	(6,705)	(6,705)

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

24. CONTROL OF CAMELLIA PLC

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