

Registered number: 00037431

THE ALLYNUGGER TEA COMPANY, LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS

31st December 2017

THURSDAY



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COMPANIES HOUSE

THE ALLYNUGGER TEA COMPANY, LIMITED

Incorporated 28 October 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
Peter Field
Susan Walker
Abdur Bhuiya
Imran Ahmed

Company Secretary
Amarpal Takk

Independent Auditor
Deloitte LLP
Statutory Auditor
2 New Street Square
London
EC4A 3BZ
United Kingdom

Registered Office
Linton Park
Linton
Maidstone
Kent
ME17 4AB

Registered Number
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THE ALLYNUGGER TEA COMPANY, LIMITED

Strategic report for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

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. Increased production and improved average selling prices were reflected in increased turnover and this despite significant increases in labour costs led to improved operating profits.

Principal risks and uncertainties and key performance indicators

The company grows and manufactures tea in Bangladesh, is a wholly owned subsidiary of 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 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 2017 annual report on pages 20 to 25.

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.

Tea production for the year ended 31 December 2017 was 2.2 mkg (2016: 2.1 mkg).

This report was approved by order of the board on 13 July 2018.



Susan Walker
Director

THE ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Principal Activities

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

Results and dividends

The profit for the year amounted to £24,046 (2016: £112,167). No dividend was paid during the year (2016: £Nil)
The directors have not proposed a final dividend for the year (2016: £nil)

Directors

The directors of the company that served during the year and up to the date of signing, are listed on page one.

Company Secretary

On 20 April 2018, Julia Morton resigned as Company Secretary and Amarpal Takk was appointed.

Future developments

A statement on future developments is included in the strategic report. There have been no post balance sheet events requiring disclosure in these financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 ALLYNUGGER TEA COMPANY, LIMITED

REPORT OF THE DIRECTORS (continued)

Going concern

After reviewing the company's forecasts/budgets for a period in excess of 12 months from the date of signing the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the financial statements.

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 Auditor

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

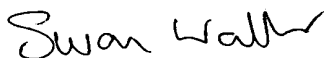
Employees

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.

Principal risks and uncertainties

The Group regularly monitors the risks at a local and central level. Information on the Company's identified risks are disclosed in note 20 to the financial statements.

This report was approved by order of the board on 13 July 2018.



Susan Walker
Director

THE ALLYNUGGER TEA COMPANY, LIMITED

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit 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.

We have audited the financial statements of The Allynugger Tea Company Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 23

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

THE ALLYNUGGER TEA COMPANY, LIMITED

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Statement of directors' responsibilities

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

THE ALLYNUGGER TEA COMPANY, LIMITED

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

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.

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;
- 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.



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

13 July 2018

THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31st December 2017

	Note	2017 £	2016 £
Revenue	2	4,206,330	3,343,560
Cost of sales		(3,573,901)	(2,846,529)
Gross profit		632,429	497,031
Net operating expenses	4	(261,867)	(216,377)
Operating profit	3	370,562	280,654
Investment income	5	26,530	13,588
Finance income		610	5,247
Finance costs		(174,074)	(133,055)
Net finance cost		(173,464)	(127,808)
Profit on ordinary activities before taxation		223,628	166,434
Taxation	8	(199,582)	(54,267)
Profit for the year		24,046	112,167
Other comprehensive (loss)/income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial movement in relation to retirement benefit obligations	16	365,907	(250,089)
Movement on deferred tax relating to pension scheme	15	(127,963)	88,321
Actuarial movement in relation to plan assets	16	(1,328)	(2,256)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(873,013)	1,204,938
Fair value adjustment	10	(11,972)	12,356
Total other comprehensive (loss)/income		(648,369)	1,053,270
Total comprehensive (loss)/income for the year		(624,323)	1,165,437

THE ALLYNUGGER TEA COMPANY, LIMITED

Registered number: 0037431


BALANCE SHEET
as at 31st December 2017

	Note	2017	2016
		£	£
NON-CURRENT ASSETS			
Property, plant and equipment	9	5,494,846	6,396,614
Investments	10	2,235,812	2,603,171
Trade and other receivables	12	22,547	26,120
		<u>7,753,205</u>	<u>9,025,905</u>
CURRENT ASSETS			
Inventories	11	915,915	1,034,668
Trade and other receivables	12	296,958	357,720
Cash and cash equivalents		266,577	769,701
		<u>1,479,450</u>	<u>2,162,089</u>
CURRENT LIABILITIES			
Borrowings	13	459	532
Trade and other payables	14	957,157	1,849,177
Current income tax liabilities		121,503	144,583
		<u>1,079,119</u>	<u>1,994,292</u>
NET CURRENT ASSETS		<u>400,331</u>	<u>167,797</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,153,536</u>	<u>9,193,702</u>
NON-CURRENT LIABILITIES			
Borrowings	13	51,840	52,664
Post-employment benefit liability	16	1,567,255	2,030,226
Deferred tax liabilities	15	965,434	917,482
		<u>2,584,529</u>	<u>3,000,372</u>
NET ASSETS		<u>5,569,007</u>	<u>6,193,330</u>
EQUITY			
Share capital	17	400,000	400,000
Retained earnings		5,169,007	5,793,330
TOTAL EQUITY		<u>5,569,007</u>	<u>6,193,330</u>

The notes on pages 12 to 30 form part of the financial statements.

The Financial statements on pages 8 to 30 were approved on 13 July 2018
by the board of directors and signed on their behalf by:

Susan Walker
Director



THE ALLYNUGGER TEA COMPANY, LIMITED

STATEMENT OF CHANGES IN EQUITY for the year ended 31st December 2017

	Called Up Share Capital £	Retained earnings £	Total Equity £
At 1 January 2016	400,000	4,627,893	5,027,893
Profit for the year	-	112,167	112,167
Other comprehensive income for the year	-	1,053,270	1,053,270
At 1 January 2017	400,000	5,793,330	6,193,330
Profit for the year	-	24,046	24,046
Other comprehensive loss for the year	-	(648,369)	(648,369)
At 31 December 2017	400,000	5,169,007	5,569,007

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh. Withholding tax at the rate of 20% (2016: 15%) is charged when profits are remitted.

THE ALLYNUGGER TEA COMPANY, LIMITED

CASH FLOW STATEMENT for the year ended 31st December 2017

	Note	2017 £	2016 £
CASH GENERATED FROM OPERATIONS			
Cash flows from operations	18	137,709	845,583
Interest paid		(174,092)	(143,942)
Interest received		297	5,806
Income taxes paid		(145,858)	(24,346)
Net cash flow (used in)/from continuing operating activities		(181,944)	683,101
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(187,574)	(52,630)
Purchases of biological assets		(81,568)	(45,962)
Dividends received from available for sale investments		313	-
Dividends received from associates		26,530	13,588
Net cash flow used in investing activities		(242,299)	(85,004)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan repayments		(491)	(858)
Net cash flow used in financing activities		(491)	(858)
Net (decrease)/increase in cash and cash equivalents		(424,734)	597,239
Cash and cash equivalents at beginning of year		769,701	96,799
Exchange adjustment on cash and cash equivalents		(78,390)	75,663
Cash and cash equivalents at end of year		266,577	769,701
Cash and cash equivalents included in the cash flow statement comprise the following:-			
Cash at bank and in hand		266,577	769,701

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS

GENERAL INFORMATION

The Allynugger Tea Company Limited (the Company) is a private company limited by shares, registered in England and Wales and incorporated under the Companies Act. The address of the Company's registered office is set out at page 1.

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 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 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.

THE ALLYNUGGER TEA COMPANY, LIMITED

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

No depreciation is provided on bearer plants until maturity when commercial levels of production have been reached.

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) Investments

Investments in subsidiary, fellow subsidiaries and associated companies of the ultimate parent are included at cost less any provision for impairment. Other listed investments are carried at fair values based on current bid values.

f) 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).

THE ALLYNUGGER TEA COMPANY, LIMITED

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) 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.

i) 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.

j) 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.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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) Financial Instruments

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

m) 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 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 (continued)

1. ACCOUNTING POLICIES (continued)

n) Critical accounting estimates and judgements

Estimates and judgements 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.

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, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 16.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2017:

IAS 7 (amendments) Statement of cashflows - effective from 1 January 2017

The company has adopted the amendments to IAS 7 for the first time in the current year.

IAS 12 (amendment) Recognition of deferred tax - effective from 1 January 2017

Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

The amendments to IAS 7 and IAS 12 have not had a material impact on the financial statements of the

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2018, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

IFRS 15 Revenue from contracts with customers - effective from 1 January 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods 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 ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

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

A new five-step process must be applied before revenue can be recognised:

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

The adoption of IFRS 15 is not expected to have a material impact on the financial statements of the company as the company's revenue recognition practises are in line with IFRS 15 in all material respects.

IFRS 16 Leases - effective from 1 January 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on Balance Sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The Income Statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years.

Additionally, operating expense will be replaced with interest and depreciation.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2017 £	2016 £
2. REVENUE		
Bangladesh		
Tea Sales	4,089,384	3,223,625
Rubber Sales	116,946	119,935
	<u>4,206,330</u>	<u>3,343,560</u>
3. OPERATING PROFIT	2017 £	2016 £
Is stated after charging:		
Depreciation of tangible assets	297,581	259,876
Company's auditors - statutory audit	2,073	2,054
Cost of inventories recognised as an expense (included in cost of sales)	373,530	379,019
Employee costs	1,700,298	1,474,295
	<u>2017 £</u>	<u>2016 £</u>
4. NET OPERATING EXPENSES		
Administrative expenses	262,312	230,562
Other income	(445)	(14,185)
	<u>261,867</u>	<u>216,377</u>
5. INVESTMENT INCOME	2017 £	2016 £
Income from listed investments	26,530	13,588
6. EMPLOYEES AND DIRECTORS	2017 £	2016 £
Staff costs:		
Wages and salaries	1,592,762	1,376,364
Employment benefit obligation costs	107,536	97,931
	<u>1,700,298</u>	<u>1,474,295</u>
	2017 Number	2016 Number
The monthly average number of persons employed by the company was:		
Management and administration	40	45
Sales and distribution	1	1
Production	3,717	3,620
	<u>3,758</u>	<u>3,666</u>

The directors received no emoluments during the year from the company (2016: £nil), as they are remunerated by other group companies and the value of their service to this company was negligible.

The emoluments of Imran Ahmed and Abdur Bhuiya are included in the financial statements of Lungla (Sylhet) Tea Company Limited and emoluments of the other directors are included in the financial statements of other group companies.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. DIVIDENDS

2017	2016
£	£

Amounts recognised as distributions to equity holders in the year:

Interim dividend for the year ended 31 December 2017 of
£nil (2016: £nil)

-	-
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8. TAXATION

2017	2016
£	£

The company is resident for taxation purposes in Bangladesh.

(a) Current tax

UK Corporation tax at 19.25% (2016: 20.00%)

Double tax relief

127,539	133,602
(127,539)	(133,602)

-	-
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Foreign tax:

Current tax on profits for the year

Adjustment in respect of previous years

Origination and reversal of temporary timing differences

142,334	178,569
-	(71)
57,248	(124,231)

Income tax expense

199,582	54,267
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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 set out below.

(b) Factors affecting tax charge for year

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016.

The differences between tax calculated at the standard rate of taxation in the UK of 19.25% (2016: 20%) and that charged in the Financial Statements are explained below:

2017	2016
£	£

Profit on ordinary activities before tax

223,628	166,434
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Profit on ordinary activities at 19.25% (2016: 20.00%)

43,048	33,287
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Effects of:

Income not subject to tax

Expenses not deductible for tax purposes

Difference in tax rate and tax law in overseas territory

(5,107)	(63,480)
89,597	61,533
72,044	22,927

Total tax charge for the year

199,582	54,267
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(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 (continued)

9. PROPERTY, PLANT AND EQUIPMENT

	Bearer plants £	Buildings £	Plant and machinery £	Vehicles £	Fixtures, fittings, tools and equipment £	Assets in the course of construction £	Total £
Cost							
At 1st January 2016	4,772,530	836,765	737,431	148,618	336,580	-	6,831,924
Currency retranslation	921,392	161,910	141,949	28,762	64,810	3,292	1,322,115
Additions	45,962	11,860	2,705	2,152	1,458	34,455	98,592
At 1st January 2017	5,739,884	1,010,535	882,085	179,532	402,848	37,747	8,252,631
Currency retranslation	(790,453)	(146,124)	(126,757)	(24,634)	(55,145)	(2,998)	(1,146,111)
Additions	81,568	89,440	95,906	1,139	484	605	269,142
Disposals/transfer	-	34,787	-	-	-	(34,787)	-
At 31st December 2017	5,030,999	988,638	851,234	156,037	348,187	567	7,375,662
Accumulated depreciation							
At 1st January 2016	169,183	432,070	347,258	117,289	252,256	-	1,318,056
Currency retranslation	50,314	86,387	71,619	23,315	46,450	-	278,085
Provision for the year	186,366	35,252	51,241	8,151	(21,134)	-	259,876
At 1st January 2017	405,863	553,709	470,118	148,755	277,572	-	1,856,017
Currency retranslation	(67,698)	(77,874)	(66,900)	(20,882)	(39,428)	-	(272,782)
Provision for the year	192,070	33,462	40,753	8,372	22,924	-	297,581
Disposals	-	-	-	-	-	-	-
At 31st December 2017	530,235	509,297	443,971	136,245	261,068	-	1,880,816
Net book value							
At 31st December 2017	4,500,764	479,341	407,263	19,792	87,119	567	5,494,846
Net book value							
At 31st December 2016	5,334,021	456,826	411,967	30,777	125,276	37,747	6,396,614

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2017	2016
	£	£
10. INVESTMENTS		
Cost at 1st January	2,603,171	2,173,245
(Loss)/gain on currency fluctuation	(355,387)	417,570
Fair value adjustment	(11,972)	12,356
At 31st December	<u>2,235,812</u>	<u>2,603,171</u>
Investments at cost include:		
Listed on Dhaka Stock Exchange	<u>155,812</u>	<u>166,876</u>
Market value	<u>671,287</u>	<u>762,176</u>
Investments consist of:		
Fellow subsidiaries of Camellia group	2,080,000	2,409,672
Investment in Associates of Camellia group	95,795	110,978
Available for sale investments	60,017	82,521
	<u>2,235,812</u>	<u>2,603,171</u>
11. INVENTORIES		
	£	£
Stock of tea	661,132	751,461
Stock of rubber	120,530	125,181
Estate stores	134,253	158,026
	<u>915,915</u>	<u>1,034,668</u>

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

	2017	2016
	£	£
12. TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	274,837	183,224
Other debtors	2,011	16,339
Amounts owed by group companies	52	134,789
Prepayments and accrued income	20,058	23,368
	<u>296,958</u>	<u>357,720</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. TRADE AND OTHER RECEIVABLES (continued)	2017	2016
Due in more than one year	£	£
Other debtors	22,547	26,120

No provision for bad debts was made at 31 December 2017 (2016: £nil). No trade debtors were past their due date at 31 December 2017 (2016: £nil).

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

13. BORROWINGS	2017	2016
Current:	£	£
Term loans secured	459	532
Non-current:		
Bank loans (secured against property, plant and equipment)	1,840	2,664
50,000 (2016: 50,000) 6% cumulative preference shares of £1 each	50,000	50,000
	52,299	53,196

The repayments of bank loans and overdrafts fall due as follows:

Within 12 months or on demand	459	532
Between 1 - 2 years	460	533
Between 2 - 5 years	1,380	1,598
After 5 years	-	533
	2,299	3,196

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

14. TRADE AND OTHER PAYABLES	2017	2016
Amounts falling due within one year	£	£
Trade and other creditors	332,925	466,228
Amounts owed to group companies	624,175	1,382,863
Interest payable	57	86
	957,157	1,849,177

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

	2017	2016
15. DEFERRED TAX :	£	£
<u>ASSETS</u>		
At 1 January	806,585	462,202
Exchange differences	(100,359)	111,098
Charged in statement of comprehensive income	(29,724)	144,964
Movement relating to retirement benefit obligations	(127,963)	88,321
At 31 December	<u>548,539</u>	<u>806,585</u>
<u>LIABILITIES</u>	£	£
At 1 January	1,724,067	1,427,140
Exchange differences	(237,618)	276,194
Charged in statement of comprehensive income	27,524	20,733
At 31 December	<u>1,513,973</u>	<u>1,724,067</u>

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

THE ALLYNUGGER TEA COMPANY, LIMITED

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

16. 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

Assumptions

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

	2017 per annum	2016 per annum
Rate of increase in salaries	7.0% to 9.0%	7.0% to 9.0%
Discount rate applied to scheme liabilities	7.50%	7.50%
Pension increases	3.00%	5.00%
Sensitivity analysis	Change in assumption	Impact on benefit obligation
Discount rate	+ 1%	-7.45%
Discount rate	-1%	8.53%
Salary escalation	+ 1%	8.49%
Salary escalation	-1%	-7.56%

Expected total contributions to the pension group for the period ending 31/12/2018 £ 88,876
The weighted average duration of defined benefit obligations of the plans are 13 and 9 years respectively.

Asset allocations are as follows:

	Superannuation	Gratuity Scheme
Government saving certificate	21.00%	0.00%
Fixed deposits	78.00%	97.80%
Cash including special deposits	1.00%	2.20%

Actuarial valuations

	2017 £	2016 £
Debt securities	297,707	199,000
Cash	6,695	75,293
Total fair value of plan assets	304,402	274,293
Present value of defined benefit obligations	(1,871,657)	(2,304,519)
Total deficit in the schemes	(1,567,255)	(2,030,226)

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

	2017 £	2016 £
16. EMPLOYMENT BENEFIT OBLIGATIONS (continued)		
Amount recognised as liability in the balance sheet	(1,567,255)	(2,030,226)
Related deferred tax asset - see note 15	548,539	806,585
Net deficit	<u>(1,018,716)</u>	<u>(1,223,641)</u>

	2017 £	2016 £
Movements in the fair value of scheme assets were as follows:		
At 1 January	274,293	-
Transfer between companies	-	181,632
Expected return on plan assets	18,314	16,917
Employer contributions	85,400	62,969
Benefit payments	(30,175)	(24,906)
Actuarial loss	(1,328)	(2,256)
Exchange movement	(42,102)	39,937
At 31 December	<u>304,402</u>	<u>274,293</u>

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

	2017 £	2016 £
At 1 January	(2,304,519)	(1,258,643)
Transfer between companies	-	(243,558)
Current service cost	(118,517)	(97,931)
Interest cost	(153,056)	(145,768)
Benefit payments	30,175	24,906
Actuarial loss	365,907	(250,089)
Exchange movement	308,353	(333,436)
At 31 December	<u>(1,871,657)</u>	<u>(2,304,519)</u>

Additional information came to light in 2016 in relation to the Duncan Brothers (Bangladesh) Limited Employees Gratuity Fund. This fund was previously held in The Lungla (Syhlet) Tea Company Limited and gratuity liabilities were held in this company. New information indicated that the liabilities were the responsibility of each of the individual Bangladesh entities to pay, hence during 2016, £181,632 was transferred from the fair value of scheme assets and £243,558 from the present value of defined benefit obligations of The Lungla (Syhlet) Tea Company Limited to The Allynugger Tea Company, Limited.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. EMPLOYMENT BENEFIT OBLIGATIONS (continued)

The amounts recognised in the income statement are as follows:

	2017 £	2016 £
Amounts charged to operating profit:		
Current service cost	(118,517)	(97,931)
Amounts charged to finance costs		
Interest expense	(134,742)	(128,851)
Total charged to income statement	<u>(253,259)</u>	<u>(226,782)</u>

Statement of comprehensive income

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

	£	£
Remeasurements:		
Return on plan assets, excluding amount included in interest	(1,328)	(2,256)
(Loss) from changes in financial assumptions	-	(328,096)
Experience gain	365,907	78,007
Actuarial loss	<u>364,579</u>	<u>(252,345)</u>

17. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
400,000 (2016: 400,000) ordinary shares of £1 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>

18. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW

	2017 £	2016 £
Operating profit	370,562	280,654
Depreciation	297,581	259,876
Decrease/(increase) in growing crop	255	(227)
Increase in inventories	(24,600)	(535,376)
(Increase) in debtors	(111,543)	(39,435)
(Decrease)/increase in creditors	(271,962)	386,112
Change in intra-group balances	(483,860)	553,012
Pensions and similar provisions less payments	365,609	(252,345)
Exchange adjustments	(4,333)	193,312
Cash flow from operations	<u>137,709</u>	<u>845,583</u>

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. COMMITMENTS

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

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Land		
Within 1 year	21,674	259,318
Between 1-5 years	86,695	188,144
After 5 years	541,846	1,222,627
	<u>650,215</u>	<u>1,670,089</u>

20. FINANCIAL INSTRUMENTS

Capital risk management

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

Categories of financial instruments

	Carrying value	
	2017	2016
	£	£
Financial assets		
Cash and cash equivalents	266,577	769,701
Trade and other receivables	299,395	225,683
Investments	2,235,812	2,603,171
	<u>2,801,784</u>	<u>3,598,555</u>
Financial liabilities		
Trade and other payables	957,157	1,849,177
Borrowings	2,299	3,196
	<u>959,456</u>	<u>1,852,373</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.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL INSTRUMENTS (continued)

(A) Market risk

(i) Foreign exchange risk

The company has no material exposure to foreign currency exchange risk on trading

(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.

21. 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. Both companies have the 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.

THE ALLYNUGGER TEA COMPANY, LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. RELATED PARTY TRANSACTIONS

The net transactions with group companies during the year of (£268,779) (2016: £123,617) in respect of inter group sales and recharges which are included within revenue and cost of sales.

Company Name	Sales to £	Recharges £	Net £	Balance £
Amo Tea Co. Ltd	562,106	1,725,631	(1,163,525)	16,841
Surmah Valley Tea Co. Ltd	621,057	190,965	430,092	(365,613)
Eastland Camellia Tea	469	475	(6)	6
Chandpore Tea Co. Ltd.	2,771	1,030	1,741	29
Lungla (Sylhet) Tea Co. Ltd	781,951	374,393	407,558	(175,896)
Mazdehee Tea Co. Ltd.	109,522	55,381	54,141	(35,671)
Duncan Brothers	78,600	77,380	1,220	(2,143)
	<u>2,156,476</u>	<u>2,425,255</u>	<u>(268,779)</u>	<u>(562,447)</u>

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

23. CONTROL OF CAMELLIA PLC

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