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SURMAH VALLEY TEA COMPANY LIMITED

REPORT AND ACCOUNTS

31st December 2010

SURMAH VALLEY TEA COMPANY LIMITED

Incorporated 1897

SHARE CAPITAL

Authorised		Issued
£ 500,000	In ordinary shares of £1 each	£ 500,000

Directors	P J FIELD I AHMED A K MATHUR, F C A
Company Secretary	A K MATHUR, F C A
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	53615

SURMAH VALLEY TEA COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31 December 2010

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

Results and dividends
The profit for the year amounted to £1,232,251 (2009 £522,007) During the year under review the board did not declare a dividend (2009 £125,000)

Directors
Mr P J Field and Mr I Ahmed were both directors for the year and remain in office Mr M D Conway resigned as director and company secretary on 29th March 2011 and Mr A K Mathur was appointed in his place

Review of business and changes in corporate structure
The company is part of the Camellia Plc group and undertakes its principal activities through a branch in Bangladesh

Statement of directors' responsibilities
The directors are responsible for preparing the 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, and
- 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

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 12th July 2011

A K Mathur
Company Secretary

SURMAH VALLEY TEA COMPANY LIMITED

Independent auditors' report
to the members of Surmah Valley Tea Company Limited

We have audited the financial statements of Surmah Valley Tea Company Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes 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

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 and opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and 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

Scope of the audit of the financial statements
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

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company s affairs as at 31 December 2010 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

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

18th July 2011

SURMAH VALLEY TEA COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2010

	Note	2010 £	2009 £
Revenue - continuing operations	2	3,003,849	2,262,279
Cost of sales		(1,470,303)	(1,322,339)
Gross profit		1,533,546	939,940
Net operating expenses	4	(165,378)	(162,254)
Operating profit	3	1,368,168	777,686
Gains arising from changes in fair value of biological assets	11	661,307	130,584
Investment income	5	15,192	35,420
Finance costs	7	(29,194)	(66,788)
Profit on ordinary activities before taxation		2,015,473	876,902
Taxation	8	(783,222)	(354,895)
Profit for the year after tax		1,232,251	522,007
Other comprehensive income			
Foreign exchange translation differences		18,901	(407,684)
Total comprehensive income for the period		1,251,152	114,323

SURMAH VALLEY TEA COMPANY LIMITED *Registered Number 53615*

BALANCE SHEET
as at 31st December 2010

	Note	2010		2009	
NON-CURRENT ASSETS		£	£	£	£
Property, plant and equipment	10		1,541,045		1,565,029
Biological assets	11		2,991,154		2,248,608
Investments	12		354,821		350,044
			4,887,020		4,163,681
CURRENT ASSETS					
Inventories	13	404,833		398,839	
Trade and other receivables	14	240,755		283,343	
Cash at bank and in hand		1,245,754		824,027	
		1,891,342		1,506,209	
CURRENT LIABILITIES					
Borrowings	15	553,748		1,108,096	
Trade and other payables	16	330,845		403,695	
Current income tax liabilities		479,971		245,331	
		1,364,564		1,757,122	
NET CURRENT ASSETS/(LIABILITIES)			526,778		(250,913)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,413,798		3,912,768
NON-CURRENT LIABILITIES					
Borrowings	15	72,972		95,265	
Deferred tax liabilities	17	655,003		382,832	
			727,975		478,097
NET ASSETS			4,685,823		3,434,671
EQUITY					
Called up share capital	18		500,000		500,000
Reserves			4,185,823		2,934,671
			4,685,823		3,434,671

The notes on pages 8 to 20 form part of the financial statements

Approved on 12th July 2011 by the board of
directors and signed on their behalf by

A K MATHUR
Director

SURMAH VALLEY TEA COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2010

	Called up Share Capital £	Reserves £	Total Equity £
At 1 January 2009	500,000	2,945,348	3,445,348
Comprehensive income for the period	-	114,323	114,323
Dividend paid	-	(125,000)	(125,000)
At 1 January 2010	500,000	2,934,671	3,434,671
Comprehensive income for the period	-	1,251,152	1,251,152
Dividend paid	-	-	-
At 31 December 2010	500,000	4,185,823	4,685,823

The distribution of retained profits is subject to exchange control permission for remittances from Bangladesh Withholding tax at the rate of 15% (2009 15%) is charged when profits are remitted Cumulative exchange gains amount to £38,005 (2009 £19,104)

SURMAH VALLEY TEA COMPANY LIMITED

CASH FLOW STATEMENT
for the year ended 31st December 2010

	Note	2010	2009
		£	£
CASH GENERATED FROM OPERATIONS			
Cash flows from operating activities	19	1,414,581	1,006,316
Interest paid		(37,773)	(70,618)
Interest received		6,237	966
Income taxes paid		(273,390)	(218,737)
Net cash flow from continuing operating activities		1,109,655	717,927
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(30,833)	(157,283)
Purchases of biological assets		(67,115)	(49,798)
Dividends received from listed investments		15,192	35,420
Net cash flow from investing activities		(82,756)	(171,661)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to group companies		-	(125,000)
Loan repayments		(25,890)	(44,007)
Net cash flow from financing activities		(25,890)	(169,007)
Net increase in cash and cash equivalents		1,001,009	377,259
Cash and cash equivalents at beginning of period		(259,108)	(703,439)
Exchange adjustments on cash and cash equivalents		(26,302)	67,072
Cash and cash equivalents at end of period		715,599	(259,108)
Cash and cash equivalents included in the cash flow statement comprise the following -			
Cash at bank and in hand		1,245,754	824,027
Bank Overdraft		(530,155)	(1,083,135)
		715,599	(259,108)

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

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 Deprecation 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, machinery and 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

1 ACCOUNTING POLICIES (continued)

e) Biological Assets

Biological assets are measured on initial recognition and at each balance sheet date at fair value Any changes in fair value are recognised in the statement of comprehensive income in the year in which they arise All costs of planting, upkeep and maintenance of biological assets are set against the fair value movement

f) Investments

Investments in group and associated companies are included at cost

g) Impairment of assets

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

h) Inventories

Agricultural produce at the point of harvest is measured at fair value less estimated point-of-sale costs Any changes arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs are recognised in the statement of comprehensive income in the year in which they arise

Other inventories are stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Cost is calculated using the weighted average method Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses

i) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms The amount of the provision is recognised in the statement of comprehensive income

j) Cash and cash equivalents

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

1 ACCOUNTING POLICIES (continued)

k) Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

l) Taxation

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

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The company liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled Deferred tax assets are recognised to the extent that is is probable that future taxable profit will be available against which the temporary differences can be utilised

m) Fincancial 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

n) New and amended standards adopted by the company

The company has adopted the following new and amended IFRSs as of 1 January 2010

IFRIC 17 Distribution of non-cash assets to owners - effective on or after 1 July 2009

The interpretation was published in November 2008 This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable

1 ACCOUNTING POLICIES (continued)

n) New and amended standards adopted by the company (continued)

IFRS 5 (amendment)	Non-current assets held for sale and discontinued operations - effective from 1 January 2010

The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty)

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

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2011 or later periods, but the company has not early adopted them

IFRS 9	Financial instruments - effective from 1 January 2013

This standard is the first step in the process to replace IAS 39, 'Financial instruments recognition and measurement' IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets The standard is not applicable until 1 January 2013 but is available for early adoption However, the standard has not yet been endorsed by the EU

IAS 24 (revised)	Related party disclosures - effective from 1 January 2011

It supersedes IAS 24, 'Related party disclosures' issued in 2003 IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011 Earlier application, in whole or in part, is permitted However, the standard has not yet been endorsed by the EU The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities The company will apply the revised standard from 1 January 2011 When the revised standard is applied, the company will need to disclose any transactions between its associates The company is currently putting systems in place to capture the necessary information It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on related party disclosures

		2010	2009
2	REVENUE	£	£
	Bangladesh		
	Tea Sales	2,966,438	2,250,359
	Rubber Sales	37,411	11,920
		3,003,849	2,262,279

3	OPERATING PROFIT		
	Operating profit is stated after charging		
	Depreciation of tangible assets	77,233	59,064
	Remuneration of the auditors	1,669	1,390
	Land rent	7,465	7,459
	Employee costs	738,617	664,039

4	NET OPERATING EXPENSES		
	Administrative expenses	165,378	162,254

5	INVESTMENT INCOME		
	Dividend received from investments	15,192	35,420

6	EMPLOYEES AND DIRECTORS		
	Staff costs		
	Wages and salaries	683,387	619,967
	Pension costs	55,230	44,072
		738,617	664,039
	The average monthly number of persons employed by the company was	3,168	3,172

The directors received no emoluments during the year from the company (2009 £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 are disclosed in the accounts of Lungla (Sylhet) Tea Company, Limited and the emoluments of the other directors are disclosed in the accounts of the ultimate holding company, Camellia Plc

	2010	2009
7 FINANCE COSTS	£	£
Bank loans and overdraft interest paid	35,135	67,939
Bank interest received	(5,941)	(1,151)
	29,194	66,788

8 TAXATION

The company is resident for taxation purposes in Bangladesh

(a) Current tax

	2010	2009
Foreign tax		
Corporation tax at 37 5% (2009 37 5%)	510,064	287,251
Deferred tax		
Overseas	273,158	67,644
Tax on profit on ordinary activities	783,222	354,895

Tax was charged at 20% on dividends paid in 2010 (2009 20%)

(b) Factors affecting tax charge for period

The differences between tax calculated at the standard rate of taxation in Bangladesh of 37 5% (2009 37 5%) and that charged in the accounts are explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	2,015,473	876,902
Profit on ordinary activities at 37 5% (2009 37 5%	755,802	328,838
Effects of		
Income not subject to taxation	(2,658)	(6,198)
Permanent differences	30,078	32,255
	783,222	354,895

9 DIVIDENDS

	2010	2009
Dividend paid at 25p per share (2009 25p)	-	125,000

10 PROPERTY, PLANT AND EQUIPMENT

	Leased Land £	Buildings £	Plant and Machinery £	Vehicles £	Fixtures Fittings Tools and Equipment £	Total £
Cost						
At 1st January 2009	1,181,776	575,431	750,498	132,513	113,064	2,753,282
Currency retranslation	(134,926)	(66,199)	(90,319)	(15,382)	(13,043)	(319,869)
Additions	-	14,269	131,989	7,200	3,825	157,283
At 1st January 2010	1,046,850	523,501	792,168	124,331	103,846	2,590,696
Currency retranslation	14,288	4,650	12,410	1,532	1,779	34,659
Additions	-	17,468	6,131	7,234	-	30,833
Transfer between categories	-	92,301	(76,377)	-	(15,924)	-
At 31st December 2010	1,061,138	637,920	734,332	133,097	89,701	2,656,188
Accumulated Depreciation						
At 1st January 2009	-	416,217	467,265	112,147	97,897	1,093,526
Currency retranslation	-	(48,108)	(54,284)	(13,135)	(11,396)	(126,923)
Provision for the year	-	16,758	26,647	9,430	6,229	59,064
At 1st January 2010	-	384,867	439,628	108,442	92,730	1,025,667
Currency retranslation	-	3,309	6,172	1,392	1,370	12,243
Provision for the year	-	14,802	55,308	3,856	3,267	77,233
Transfer between categories	-	70,728	(62,892)	-	(7,836)	-
At 31st December 2010	-	473,706	438,216	113,690	89,531	1,115,143
Net book value At 31st December 2010	1,061,138	164,214	296,116	19,407	170	1,541,045
Net book value At 31st December 2009	1,046,850	138,634	352,540	15,889	11,116	1,565,029

11 BIOLOGICAL ASSETS

Fair value	Tea £	Other horticulture £	Total £
At 1 January 2009	2,199,476	142,465	2,341,941
Exchange differences	(259,621)	(14,094)	(273,715)
Increases due to purchases	48,767	1,297	50,064
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	193,461	(62,877)	130,584
Disposal	-	(266)	(266)
At 1st January 2010	2,182,083	66,525	2,248,608
Exchange differences	13,361	763	14,124
Increases due to purchases	66,356	1,523	67,879
Gains arising from changes in fair value less estimated point-of-sale costs	655,695	5,612	661,307
Disposal	-	(764)	(764)
At 31 December 2010	2,917,495	73,659	2,991,154

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

	2010 Hectares	2009 Hectares
Tea	1,551	1,546
Rubber	54	54

Output of agricultural produce during the year was	Metric tonnes	Metric tonnes
Tea	1,665	1,785
Rubber	17	15

	£	£
Fair value of agricultural output after deducting estimated point-of-sale costs	2,778,382	2,227,285

	2010	2009
12 INVESTMENTS	£	£
Cost/fair value at 1st January	350,044	395,160
Gain/(Loss) on currency fluctuation	4,777	(45,116)
At 31st December	354,821	350,044
Investments include		
Listed on Dhaka Stock Exchange	352,322	347,578
Market Value	6,857,269	2,962,589
Investments consist of		
Subsidiaries of group	2,499	2,465
Associates of group	352,322	347,579
	354,821	350,044

	2010	2009
13 INVENTORIES		
Stock of tea and rubber	278,479	291,635
Estate stores	126,354	107,204
	404,833	398,839

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

	2010	2009
14 TRADE AND OTHER RECEIVABLES		
Due within one year		
Trade debtors	202,544	238,015
Amounts owed by group companies	2,722	4,540
Prepayments and accrued income	28,408	26,392
Interest receivable	-	285
Other debtors	7,081	14,111
	240,755	283,343

	2010	2009
15 BORROWINGS	£	£
Current		
Bank overdraft		
(secured against hypothecation of crop)	530,155	1,083,135
Term loans secured	23,593	24,961
	553,748	1,108,096
Non-current		
Bank loans (secured against property, plant and equipment and biological assets)	72,972	95,265
	626,720	1,203,361
Bank loans include the following amounts repayable over more than five years by instalments		
Aggregate amount of loans	626,720	1,203,361
Amount due beyond five years	22,484	33,055
The repayments of bank loans and overdrafts fall due as follows		
On demand	553,748	1,108,096
Between 1 - 2 years	15,910	23,276
Between 2 - 5 years	34,578	38,934
After 5 years	22,484	33,055
	626,720	1,203,361

Interest rates vary from 9 5% per annum to 11% per annum

16 TRADE AND OTHER PAYABLES

	2010	2009
Amounts falling due within one year		
Trade and other creditors	241,302	158,518
Amounts owed to group companies	82,973	236,153
Interest payable	6,570	9,024
	330,845	403,695

		2010	2009
17	DEFERRED TAX	£	£
	At 1 January	382,832	358,492
	Exchange differences	(987)	(43,304)
	Charged in statement of comprehensive income	273,158	67,644
	At 31 December	655,003	382,832

The deferred tax liability at the start and end of the year relates to timing differences on the fair value of biological assets

		2010	2009
18	CALLED UP SHARE CAPITAL		
	Authorised, Allotted, and fully paid		
	500,000 ordinary shares of £1 each	500,000	500,000
19	RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH FLOW		
	Profit from operations	1,368,168	777,686
	Depreciation	77,233	59,064
	(Increase) in inventories	(563)	(13,071)
	Decrease/(increase) in debtors	45,317	(80,533)
	Increase in creditors	82,498	40,082
	Change in intra-group balances	(158,119)	223,488
	Exchange adjustments	47	(400)
	Cash flow from operating activities	1,414,581	1,006,316
20	CAPITAL COMMITMENTS		
	Contracted for	37,811	nil
21	LEASING COMMITMENTS		
	Total commitment in respect of operating leases are		
	Land and buildings - leases expiring within one year	7,296	7,197
	- leases expiring between 2 to 5 years	29,184	28,788
		36,480	35,985

22 FINANCIAL INSTRUMENTS

Capital risk management

The company manages its capital to ensure it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance The capital structure of the company consists of debt, which includes the borrowings disclosed in note 15, cash and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings

	Carrying value	
Categories of financial instruments	2010	2009
	£	£
Financial assets		
Cash at bank and in hand	1,245,754	824,027
Trade and other receivables	212,347	256,951
Investments	354,821	350,044
	1,812,922	1,431,022
Financial liabilities		
Payables	330,845	403,695
Borrowings	626,720	1,203,361
	957,565	1,607,056

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 price risk is not significant

(iii) Cash flow and interest rate risk

The company's interest rate risk arises from interest-bearing assets and short and long-term borrowings Borrowings issued at variable rates expose the company to cash flow interest rate risk The company has no fixed rate exposure

(B) Credit Risk

The company has policies in place to limit its exposure to credit risk Credit risk arises from cash at bank, as well as credit exposures to customers, including outstanding receivables and committed transactions Management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and monitors the utilisation of credit limits regularly

(C) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

23 PARENT COMPANY

The ultimate parent company at 31st December 2010 was Camellia Plc which is registered in England and Wales The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent ME17 4AB

24 RELATED PARTY TRANSACTIONS

There were transactions with group companies during the year of £269,705 (2009 £217,658) in respect of inter group sales and recharges which are included within revenue and cost of sales