James Finlay International Holdings Limited

Annual report and financial statements

Registered number 01088739

31 December 2017

Contents

STRATEGIC REPORT

The principal activity of the Company is that of a holding company. The Directors do not envisage any change in the nature of the Company's business in the foreseeable future.

The Company's key financial and other performance indicators during the period were as follows:

	2017	2016	Change
	£'000	£'000	%
Total operating loss	(41)	(24)	-340%
Shareholders' funds	38,310	38,529	-30.6%

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit Risk

The company aims to limit undue counterparty exposure by ensuring proper procedures are followed before starting to trade with a new customer and material ongoing exposure is monitored.

Liquidity Risk

Investments in fixed assets and working capital are carefully controlled, with authorisation limits operating at different levels up to Group board level and with rates of return and cash payback periods applied as part of a defined investment appraisal process. The company also manages liquidity risk via revolving credit facilities and cash pooling. Headroom under banking facilities is monitored regularly at both a local and group level.

Foreign Currency Risk

The Company hedges its foreign currency exposure through the use of forward foreign exchange instruments.

By order of the board

J M Rutherford
Director

14th August 2018

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is that of a holding company. The Directors do not envisage any change in the nature of the Company's business in the foreseeable future.

Financial instruments

The Company policy does not permit trading in any financial instruments.

Directors

The directors who held office during the year were as follows:

G R Chambers
J.M Rutherford
J Davies

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Proposed dividend

No dividend was paid during the year (2016: £20,000,000). The directors do not recommend payment of a final dividend (2016: £nil).

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Small companies' exemption

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies' exemption and therefore an audit report is not required.

By order of the board

J M Rutherford
Director

14th August 2018

Statement of Directors' Responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Statement of profit or loss and other comprehensive income
for the year ended 31st December 2017

Continuing operations	*Note*	**2017**	2016
		£000	£000
Administrative expenses		(41)	(24)
Operating loss		**(41)**	(24)
Income from shares in group undertakings		-	2,771
Profit on ordinary activities before taxation		**(41)**	2,747
Tax on (loss)/profit on ordinary activities	*4*	8	5
(Loss)/profit for the financial year		**(33)**	2,752
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation		(186)	247
Total comprehensive (loss)/profit for the year		(219)	2,999

The notes on pages 8 to 15 form part of these accounts

Balance sheet
at 31st December 2017

	Note	2017 £000	2016 £000
Non-current assets			
Investment in subsidiaries		**57,304**	52,844
		57,304	52,844
Current assets			
Debtors	6	**157**	150
Cash at bank and in hand		**10**	2,757
		167	2,907
Current liabilities			
Creditors amounts falling due within one year	7	**(4)**	(4)
Current tax liability		**-**	(266)
Net current assets		**163**	2,637
Total assets less current liabilities		**57,467**	55,481
Non-current liabilities			
Creditors amounts falling due after one year	7	**(19,157)**	(16,952)
Net assets		**38,310**	38,529
Capital and reserves			
Called up share capital	8	**19,201**	19,201
Other reserves		**(130)**	56
Profit or loss account		**19,239**	19,272
Shareholders' funds		**38,310**	38,529

The notes on pages 8 to 15 form part of these accounts

For the year ended 31 December 2017, the Company was entitled to exemption from audit under section 479A of the Companies Act 2005 ("The Act")

No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of The Act.

The Directors acknowledge their responsibility for complying with the requirements of The Act with respect to the Company's accounting records and the preparation of the accounts.

These financial statements were approved by the board of directors on 14th August 2018 and were signed on its behalf by:

J M Rutherford Director
14th August 2018

Registered in England No 01088739

Statement of Changes in Equity
at 31st December 2017

	Called up share Capital	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
Balance at 1 January 2016	19,201	(191)	36,520	55,530
Total comprehensive income for the period				
Profit for the financial year	-	-	2,752	2,752
Other comprehensive income	-	247	-	247
Total comprehensive income for the period	-	247	2,752	2,999
Transactions with owners				
Dividends	-	-	(20,000)	(20,000)
Total contributions by and distributions to	-	-	**(20,000)**	**(20,000)**
Balance at 31 December 2016	**19,201**	**56**	**19,272**	**38,529**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£000		£000	£000
Balance at 1 January 2017	19,201	56	19,272	38,529
Total comprehensive income for the period				
Loss for the financial year	-	-	(33)	(33)
Other comprehensive income	-	(186)	-	(186)
Total comprehensive income for the period	-	(186)	(33)	(219)
Balance at 31 December 2017	**19,201**	**(130)**	**19,239**	**38,310**

The notes on pages 8 to 15 form part of these accounts

Notes to the financial statements

1 Accounting policies

James Finlay International Holdings Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").* The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of James Finlay Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 *Business Combinations* in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures.*

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFRS balance sheet at 1 January 2015 for the purposes of the transition to FRS 101.

Notes to the financial statements *(continued)*

Accounting policies *(continued)*

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments classified as fair value through the profit or loss or as available-for-sale, biological assets, investment property and liabilities for cash-settled share-based payments. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

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

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 2.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future.

The directors, having assessed the responses of the directors of the company's parent James Finlay Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the James Finlay International Holdings Limited to continue as a going concern or its ability to continue with the current banking arrangements.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements *(continued)*

Accounting policies *(continued)*

1.5 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Investments are stated at amortised cost less impairment. Financial instruments held for trading or designated upon initial recognition or at the IAS 39 transition date if later are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Company are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in subsidiaries are carried at cost less impairment.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes to the financial statements *(continued)*

Accounting policies *(continued)*

1.6 Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

Notes to the financial statements *(continued)*

Accounting policies *(continued)*

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.8 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.9 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements *(continued)*

2 *Staff numbers and costs*

The Company had no employees at any time during the year (2016: Nil).

3 Directors' emoluments

No Director received any remuneration from the Company during the year (2016: Nil).
There were no disclosable contracts with Directors during the year.

4 Taxation

Recognised in the profit and loss account

	2017	2016
	£000	£000
UK corporation tax		
Current year	8	5
Total current tax	**8**	**5**
Tax on Loss on ordinary activities	**8**	**5**

Reconciliation of effective tax rate

	2017	2016
	£000	£000
Tax reconciliation		
(Loss)/profit on ordinary activities before tax	**(41)**	2,747
Tax at 19.25% *(2016: 20.00%)*	**(8)**	549
Effects of:		
Income not subject to taxation	-	(554)
Total tax credit (see above)	**(8)**	(5)

5 Investments

Investment in subsidiary undertakings	**2017** **£000**	2016 £000
Cost		
At 1 January	**53,061**	51,203
Exchange movements	**(194)**	242
Additions	**4,654**	1,616
	57,521	53,061
Provisions		
At 1 January & 31 December	**217**	217
Carrying amounts		
At 31 December	**57,304**	52,844

Notes *(continued)*

6 Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	**33**	37
Current tax assets	**13**	-
Other debtors	**111**	113
	157	150
Due within one year	**157**	150

7 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	**19,157**	16,952
Accruals and deferred income	**4**	4
	19,161	16,956
Due within one year	**4**	4
Due after more than one year	**19,157**	16,952
	19,161	16,956

8 Capital & Reserves

	Ordinary shares			
	2017 No '000	2016 No '000	**2017 £'000**	2016 £
On issue at 1 January	**19,201**	19,201	**19,201**	19,201
19,200,000 of £1 each	-	-	-	-
On issue at 31 December – fully paid	**19,201**	19,201	**19,201**	19,201

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

No shares were issued in 2017 (2016: nil)

No dividend was paid in respect of the current financial period (2016: £20,000,000).

9 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of James Finlay Limited, which is registered in Scotland. The Company's ultimate parent company is John Swire & Sons Limited, which is registered in England. The largest group in which the results of the Company are consolidated is that headed by John Swire & Sons Limited, incorporated in England.

The consolidated financial statements of the group are available to the public and may be obtained from John Swire & Sons Limited, Swire House, 59 Buckingham Gate, London SW1E 6AJ.

10 Accounting estimates

In preparing these financial statements, management has made estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

11 List of subsidiaries

Subsidiary undertakings	Nature of Business	Country of Incorporation or Registration	Registered office address	Type of Holding	% Holding
Finlay Colombo PLC	Tea packing & other businesses	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Ordinary	99.9
James Finlay International Inc	Holding Company	USA	23 Vreeland Road, Florham Park, New Jersey, USA	Ordinary	100
Finlay Instant Teas (Pvt) Limited	Warehousing facility	Sri Lanka	Finlay House, 186 Vauxhall Street, Colombo 02, Sri Lanka	Ordinary	100
James Finlay Plantation Holdings (Lanka) Ltd	Holding Company	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Ordinary	100
Hapugastenne Plantations PLC	Tea & rubber estate	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Ordinary	41
Udapussellawa Plantations PLC	Tea & rubber estate	Sri Lanka	95A Nambapana, Ingiriya, Sri Lanka	Ordinary	42
Casa Fuentes S.A.C.I.F.I.	Tea estate	Argentina	Paraguay 1178 Piso 6 (CP.C1057AAR) C.A.B.A., Argentina	Ordinary	2