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## **R.E.A. SERVICES LIMITED**

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### **Annual report and financial statements for the year ended 31 December 2013**



The company's registered number is 1159736

**R.E.A. SERVICES LIMITED**  

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**STRATEGIC REPORT**  

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**FOR THE YEAR ENDED 31 DECEMBER 2013**  

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**BUSINESS OF THE COMPANY**

The company, which is a wholly owned subsidiary of R.E.A. Holdings plc, is engaged in the provision of financial, administrative and marketing services.

The scale and scope of the company's operations is expected to continue unchanged for the foreseeable future.

**PRINCIPAL RISKS AND UNCERTAINTIES**

*The principal risks and uncertainties to which the company is exposed arise in connection with its financial assets and liabilities: proceeds from financial assets may not be sufficient to fund the obligations arising from the liabilities as they fall due.*

Given the nature of the company's business and the fact that the majority of the assets and liabilities on the company balance sheet relate to intra-group activities, such risk is deemed to be minimal.

Approved by the board on 12 June 2014 and signed on behalf of the board by



JJ Robinow

Director

**R.E.A. SERVICES LIMITED**  

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**DIRECTORS' REPORT**  

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**FOR THE YEAR ENDED 31 DECEMBER 2013**  

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The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2013.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £3,438,940 (2012: profit of £4,789,872). Dividends of £4,000,000 were declared during the year (2012: £4,500,000).

**GOING CONCERN**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going-concern basis.

**DIRECTORS**

The directors holding office throughout the year and at the date of this report are Mr J J Robinow, Mr R M Robinow, Mr J C Oakley.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section s418 of the Companies Act 2006.

**AUDITOR**

Deloitte LLP have expressed their willingness to continue to act as auditor.

1st Floor, 32-36 Great Portland Street,  
London W1W 8QX

By order of the board



**Joint Secretary**  
12 June 2014

**R.E.A. SERVICES LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (including United Kingdom Accounting Standards and applicable law). 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; and
- 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.

**R.E.A. SERVICES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Independent auditor's report to the members of R.E.A. SERVICES LIMITED**

We have audited the financial statements of R.E.A. Services Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the audit work, for this report, or for the opinions formed.

**Respective responsibilities of directors and auditor**

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

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

**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 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

**R.E.A. SERVICES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Independent auditor's report to the members of R.E.A. SERVICES LIMITED (continued)**

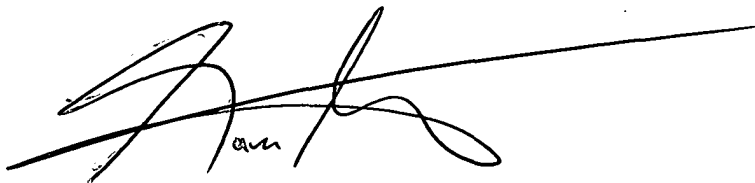
**Opinion on other matter prescribed by the Companies Act 2006**

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

**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.



Mark McIlquham ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

12 June 2014

**R.E.A. SERVICES LIMITED**  
**BALANCE SHEET AS AT 31 DECEMBER 2013**

	Notes	2013 £	2012 £
<b>FIXED ASSETS</b>			
Tangible assets	1	55,926	77,320
Loans to group companies	2	63,859,003	70,147,617
<b>CURRENT ASSETS</b>			
Deferred tax asset	3	1,555	427
Debtors	4	496,333	7,003,706
Investments	5	-	772,685
Cash	16	818,986	625,025
		1,316,874	8,401,843
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	6	(17,552,743)	(407,333)
<b>NET CURRENT ASSETS</b>		<u>(16,235,869)</u>	<u>7,994,511</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		47,679,061	78,219,448
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Due to parent company	7	(15,409,000)	(45,388,329)
Deferred tax liability	3	-	-
<b>TOTAL ASSETS</b>		<u>32,270,060</u>	<u>32,831,120</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8a	26,500,000	26,500,000
Share premium account	8b	4,356,720	4,356,720
Profit and loss account brought forward		1,974,400	1,684,528
Profit and loss account	8b	(561,060)	289,872
<b>TOTAL SHAREHOLDERS' FUNDS</b>	8c	<u>32,270,060</u>	<u>32,831,120</u>

Approved by the board on 12 June 2014 and signed on behalf of the board by:



JJ Robinow, Director

The accompanying accounting policies and notes are an integral part of these financial statements. The company's registered number is 1159736.

**R.E.A. SERVICES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £	2012 £
TURNOVER	9	2,419,054	3,338,160
Administrative expenses		(2,655,666)	(3,114,970)
Operating profit		<u>(236,611)</u>	<u>223,190</u>
Gain on disposal of tangible fixed assets		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE FINANCE INCOME		<u>(236,611)</u>	<u>223,190</u>
Finance income	10	4,102,318	5,067,276
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	11	<u>3,865,707</u>	<u>5,290,466</u>
Tax on profit on ordinary activities	14	(426,767)	(500,594)
PROFIT AFTER TAXATION FOR THE YEAR		<u><u>3,438,940</u></u>	<u><u>4,789,872</u></u>

All turnover and results for the current and previous years arise from continuing activities.

There were no recognised gains or losses in the period other than the profit for the year and therefore no statement of recognised gains and losses is presented.



## ACCOUNTING POLICIES

### GENERAL INFORMATION

R.E.A. Services Limited is a company incorporated in the United Kingdom under the Companies Act 2006 with registration number 1159736. The company's registered office is at First Floor, 32-36 Great Portland Street, London, W1W 8QX. Details of the company's principal activities are found in the Strategic Report.

### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, on the going concern basis, and in accordance with applicable United Kingdom law and accounting standards.

### GOING CONCERN BASIS

The principal income of the company in the next twelve months, and the resultant cash flows, derive from contractual arrangements already in force. The directors have reviewed the company's budgets and forecasts which include such income and have considered any changes in trading performance which might reasonably eventuate. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are shown at cost less accumulated depreciation and provision for any impairment. Depreciation has been provided by equal instalments at rates which the directors consider will reduce the assets to their disposal values at the end of their useful lives. The rates used are:

Plant and machinery	20 per cent per annum
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### INVESTMENTS

Fixed asset investments are shown at cost less provision for any impairment.

### IMPAIRMENT REVIEW

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that any asset has suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are charged to the profit and loss account immediately when they occur.

### FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

#### *Trade and other receivables*

Trade receivables are stated at nominal value as reduced by appropriate allowances for irrecoverable amounts.

#### *Available for sale investments*

Investments are stated in the balance sheet at fair value.

#### *Trade and other payables*

Trade and other payables are not interest bearing and are stated at their nominal value.

#### *Long term loans*

Long terms loans are stated at nominal value net of the amortised balance of the issuance costs.

#### *Equity instruments (share capital)*

Equity instruments issued by the company are recorded at the consideration received net of direct issue costs.

### CASH

Cash comprises balances at banks and in hand.

## **ACCOUNTING POLICIES**

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### **TURNOVER**

Turnover is the total amount receivable in the ordinary course of business for services rendered to third parties and group companies.

### **INTEREST INCOME**

Interest income is the total amount receivable in the year charged on loans to group companies or earned on bank deposits.

### **TAXATION**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or Deferred tax is provided on timing differences that result in an obligation to pay more tax or a right to pay less

### **RETIREMENT BENEFIT COSTS**

The company participates in the R.E.A. Pension Scheme which is a multi-employer defined benefit scheme. The amount charged to the profit and loss account is the contribution payable in respect of the year as the company is unable to identify its share of the assets and liabilities within the scheme on a consistent and reasonable basis

### **FOREIGN CURRENCIES**

Assets and liabilities denominated in foreign currencies are reported in sterling at the year end rates of exchange. Any gain or loss arising from a change in exchange rates is included in the profit and loss account. Transactions during the year are translated at exchange rates ruling at the transaction date.

### **CASH FLOW STATEMENT**

As permitted by the provisions of FRS 1 (Revised), the accounts do not include a cash flow statement as the company is a wholly-owned subsidiary of R.E.A. Holdings plc, a company which prepares consolidated accounts including a cash flow statement for the group.

# **NOTES TO ACCOUNTS**

## **1. TANGIBLE FIXED ASSETS**

		<b>2013</b>	<b>2012</b>
		<b>£</b>	<b>£</b>
The movement in the year was as follows			
<i>Plant and machinery</i>			
Cost	Beginning of the year	323,538	321,538
	Additions	799	2,000
	Disposals	-	-
	End of the year	<u>324,337</u>	<u>323,538</u>
Depreciation	Beginning of the year	(246,218)	(223,304)
	Charge	(22,193)	(22,914)
	Disposals	-	-
	End of the year	<u>(268,411)</u>	<u>(246,218)</u>
Net book value	End of the year	<u>55,926</u>	<u>77,320</u>
	Beginning of the year	<u>77,320</u>	<u>98,234</u>

## **2. LOANS TO GROUP ENTITIES**

			<b>2013</b>	<b>2012</b>
			<b>£</b>	<b>£</b>
PT REA Kaltim Plantations ("REAK")			-	<u>30,385,000</u>
			-	<u>30,385,000</u>
PT Sasana Yudha Bhakti ("SYB")	USD	61,400,000	38,881,707	24,511,643
			<u>7,090,000</u>	<u>7,090,000</u>
			<u>45,971,707</u>	<u>31,601,643</u>
PT Cipta Davia Mandiri ("CDM")	USD	-	-	<u>8,160,974</u>
PT Kutai Mitra Sejahtera ("KMS")	USD	11,400,000	7,173,352	-
			<u>10,713,944</u>	-
			<u>17,887,296</u>	-
Total loans to group entities			<u>63,859,003</u>	<u>70,147,617</u>
Balance of loans as at 1 January			70,147,617	58,329,358
New loans to CDM			-	4,369,265
New loans to SYB			14,370,064	7,448,994
New loans to KMS			17,887,296	-
Loans repaid			(38,545,974)	-
Balance of loans as at 31 December			<u>63,859,003</u>	<u>70,147,617</u>

REAK is a wholly-owned subsidiary of R.E.A. Holdings plc (see note 17). SYB, CDM and KMS are 95 per cent subsidiaries of REAH.

**NOTES TO ACCOUNTS (continued)**

<b>3. DEFERRED TAX ASSET/LIABILITY</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
At beginning of the year (liability)	427	(1,529)
Credited to profit and loss account	1,128	1,956
At end of the year	<u>1,555</u>	<u>427</u>
Included in current assets	1,555	427
Net deferred tax asset/(liability) at end of year	<u>1,555</u>	<u>427</u>
The deferred tax asset comprises:		
Timing differences	1,555	427
Tax losses available	<u>-</u>	<u>-</u>
	<u>1,555</u>	<u>427</u>

<b>4. DEBTORS</b>	<b>2013</b>	<b>2012</b>
<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade debtors	340,666	409,798
Deduct: Provision for doubtful debt	<u>(310,706)</u>	<u>(310,706)</u>
	29,959	99,092
Group companies	379,378	6,805,795
Other debtors	38,299	38,727
Prepayments	48,697	60,093
	<u>496,333</u>	<u>7,003,706</u>
<b>GROUP</b>		
REA Kaltim	91,175	35,789
CDM	-	-
PBJ	-	-
SYB	8,055	4,581
KMS	3,645	-
KCCI	276,503	122,567
RSPL	-	33,441
REAH £ current account	-	8,118,404
REAH \$ current account	-	(1,508,988)
Makassar Investments Ltd	-	-
	<u>379,378</u>	<u>6,805,795</u>

<b>5. INVESTMENTS</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
R.E.A. Holdings plc 7.5% US dollar notes 2017	-	772,685
	<u>-</u>	<u>772,685</u>

During 2013 the company sold its complete holding of new dollar notes at par, plus interest to the date of sale.

<b>6. CREDITORS:</b>	<b>2013</b>	<b>2012</b>
<b>Amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Trade creditors	(16,004)	(71,568)
Group companies	(17,265,515)	(36,184)
Taxation and social security	(60,711)	(57,302)
Other creditors	(24,881)	(24,366)
Accruals	(185,631)	(217,913)
	<u>(17,552,743)</u>	<u>(407,333)</u>

**NOTES TO ACCOUNTS (continued)**

<b>7. CREDITORS:</b>	<b>2013</b>	<b>2012</b>
Amounts falling due after more than one year	£	£
Due to parent company - £ loan	(15,475,000)	(37,475,000)
Unamortised balance of issuance costs	66,000	84,210
Due to parent company - \$ loan	-	(7,997,539)
	<u>(15,409,000)</u>	<u>(45,388,329)</u>

The loan due to R.E.A. Holdings plc amounting to £15.475 million is stated net of the unamortised balance of the issuance costs. The loan does not bear interest and is repayable in three equal annual instalments commencing on 20 December 2015.

The loan due to R.E.A. Holdings plc in 2012 amounting to £7,997,539 (\$13 million) does not bear interest and is now included within Creditors - amounts falling due after one year.

The amount payable more than 5 years after the balance sheet date is nil (2012: nil).

<b>8. SHARE CAPITAL AND RESERVES</b>	<b>2013</b>	<b>2012</b>
	£	£
(a) Share capital		
Called up, allotted and fully paid		
26,500,000 ordinary shares of £1 each	<u>26,500,000</u>	<u>26,500,000</u>
	<u>26,500,000</u>	<u>26,500,000</u>

(b) Reserves	<b>2013</b>	<b>2012</b>
	£	£
Share premium		
Beginning of the year	<u>4,356,720</u>	<u>4,356,720</u>
End of the year	<u>4,356,720</u>	<u>4,356,720</u>

Profit and loss account	<b>2013</b>	<b>2012</b>
	£	£
Beginning of the year	1,974,400	1,684,528
Total recognised gains for the year	3,438,940	4,789,872
Dividend paid	<u>(4,000,000)</u>	<u>(4,500,000)</u>
End of the year	<u>1,413,340</u>	<u>1,974,400</u>

(c) Reconciliation of shareholders' funds	<b>2013</b>	<b>2012</b>
	£	£
Beginning of the year	32,831,120	32,541,248
Retained (loss)/profit for the year	<u>(561,060)</u>	<u>289,872</u>
End of the year	<u>32,270,060</u>	<u>32,831,120</u>

<b>9. TURNOVER</b>	<b>2013</b>	<b>2012</b>
	£	£
Turnover is derived from:		
United Kingdom	450,000	450,000
Overseas	<u>1,969,054</u>	<u>2,888,160</u>
	<u>2,419,054</u>	<u>3,338,160</u>

<b>10. FINANCE INCOME</b>	<b>2013</b>	<b>2012</b>
	£	£
Finance income comprises interest received from:		
Fellow wholly-owned subsidiary	822,993	3,460,514
PT Sasana Yudha Bhakti ("SYB")	1,809,943	1,420,001
PT Cipta Devia Mandiri ("CDM")	307,383	144,974
PT Kutai Mitra Sejahtera ("KMS")	1,161,920	
Other interest income	78	34,576
Gain on disposal investments	-	7,211
	<u>4,102,318</u>	<u>5,067,276</u>

SYB, CDM and KMS are 95 per cent owned subsidiaries of R.E.A. Holdings plc.

# NOTES TO ACCOUNTS (continued)

11. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 £	2012 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation	22,193	22,914
Net foreign exchange gains	(673,349)	(18,185)
Auditor's remuneration for statutory audit services	<u>7,050</u>	<u>7,040</u>

No other services were provided to the company by the company's auditor in the current or prior year.

12. STAFF COSTS	2013 £	2012 £
Wages and salaries	1,279,039	1,244,108
Social security	173,530	163,808
Pension	<u>492,627</u>	<u>322,852</u>
	<u>1,945,196</u>	<u>1,730,768</u>
The average number of employees - administration	<u>9</u>	<u>9</u>

The directors are remunerated by the company for their services to the R.E.A. Holdings group as a whole and the amounts paid have been disclosed in the R.E.A. Holdings plc annual report. They received no remuneration for their services as directors of the company (2012: nil).

The company is a participating employer in the R.E.A. Pension Scheme (the "Scheme"). The Scheme is a multi-employer contributory defined benefit scheme with assets held in a trustee-administered fund, which has participating employers outside the group. The Scheme is closed to new members.

As the Scheme is a multi-employer scheme, in which the employers are unable to identify their respective shares of the underlying assets and liabilities (because there is no segregation of the assets), and does not prepare valuations on an FRS 17 "Retirement Benefits" basis, the company therefore accounts for the Scheme as if it were a defined contribution scheme. The cost to the company, which is the same as the amount paid, is shown above. There are no outstanding or prepaid contributions at the balance sheet date (2012: nil).

A non-FRS 17 valuation of the Scheme was last prepared, using the attained age method, as at 31 December 2011. This method was adopted in the previous valuation as at 31 December 2008, as it was considered the appropriate method of calculating future service benefits as the Scheme is closed to new members. At 31 December 2011 the Scheme had an overall shortfall in assets (deficit), when measured against the Scheme's technical provisions, of £5,197,000. The technical provisions were calculated using assumptions of an investment return of 4.70 per cent pre-retirement and 3.20 per cent post-retirement and annual increases in pensionable salaries of 3.0 per cent. The basis for the inflationary revaluation of deferred pensions and increases to pensions in payment was changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with effect from 1 January 2011 in line with the statutory change, except that the change does not apply to pension accrual from 1 January 2006, where the RPI still applies. The rates of increase in the RPI and the CPI were assumed to be 3.0 per cent and 2.25 per cent respectively. It was further assumed that both non-retired and retired members' mortality would reflect S1PXA tables at 85 per cent and that non-retired members would take on retirement the maximum cash sums permitted from 1 January 2012. Had the Scheme been valued at 31 December 2011 using the projected unit method and the same assumptions, the overall deficit would have been similar.

## NOTES TO ACCOUNTS (continued)

### 12. STAFF COSTS (continued)

At 31 December 2011 the Scheme deficit of £5,197,000 disclosed above is applicable to all participants. The Scheme has agreed a statement of funding principles with the principal employer and has also agreed a schedule of contributions with participating employers covering normal contributions which are payable at a rate calculated to cover future service benefits under the Scheme. The Scheme has also agreed a recovery plan with participating employers which provides for recovery of the deficit shown by the 31 December 2011 valuation through the payment of quarterly additional contributions over the period from 1 January 2013 to 30 September 2018 after taking account of the additional contributions paid in 2012 under the 31 December 2008 valuation.

The normal contributions paid by the group in 2013 were £27,027 (2012: £17,000) and represented 36.4 per cent (2012: 23.4 per cent) of pensionable salaries. The additional contribution payable by the company for 2013 was £465,600 (2012: £231,000), and it will increase by 2.75% in each successive year.

No liability has been recognised in the financial statements for future additional deficit contributions. The participating employers of the scheme have a joint and several liability in respect of the contributions to the scheme and R.E.A Holdings plc, as principal employer, has the ultimate liability in respect of the company's additional deficit contributions. Such liability will only arise if other participating employers do not pay their contributions; there is no expectation of this at the present time and, therefore, no provision has been made by the company.

The next actuarial valuation will be made as at 31 December 2014.

### 13. RELATED PARTIES

The company takes exemption from disclosure under FRS8(3c). Under this exemption the company is not required to disclose transactions or balances with other R.E.A. wholly owned group companies because it is a wholly owned subsidiary of R.E.A. Holdings plc whose financial statements are available at the company's registered office. Transactions with P.T. Sasana Yudha Bhakti, PT Cipta Davia Mandiri and PT Kutai Mitra Sejahtera, fellow subsidiaries which are not wholly owned by the R.E.A group, are disclosed in notes 2, 10 and 16. There are no other transactions with related parties.

### 14. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
The tax charge comprises:		
Current tax		
UK Corporation tax	252,760	336,670
Withholding Tax	<u>175,135</u>	<u>165,880</u>
	427,895	502,550
Deferred tax		
Timing differences for the year	(2,216)	(1,787)
Timing differences on assets transferred from related party	-	-
Tax losses	-	-
Effect of decrease in tax rate on opening asset	<u>1,088</u>	<u>(169)</u>
Tax on profit on ordinary activities	<u>426,767</u>	<u>500,594</u>
Factors affecting current tax charge for the year.		
Profit	<u>3,865,707</u>	<u>5,290,466</u>
Corporation tax at 23.25per cent (2012: 24.5 per cent)	898,777	1,296,164
Expenditure not deductible	883	742
Provision released	-	-
Depreciation for the year (less)/greater than capital allowances	-	-
Overseas withholding tax, net of relief	134,416	125,239
Rate change on deferred tax asset	1,088	(169)
Deferred tax rate for year less than standard rate	360	118
Utilisation of tax losses	-	-
Compensatory interest adjustment	<u>(608,757)</u>	<u>(921,500)</u>
	<u>426,767</u>	<u>500,594</u>

**NOTES TO ACCOUNTS (continued)**

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**15. DIVIDENDS ON ORDINARY SHARES**

Dividends totalling £4,000,000 (2012: £4,500,000) were declared during the year.

**16. CONTINGENT LIABILITY**

The company has guaranteed, jointly with R.E.A. Holdings plc, the obligations for both principal and interest relating to the outstanding £34.54 million 9.5 per cent guaranteed sterling notes 2015/17 issued by REA Finance B.V.. As security for its obligations under such guarantee, the company has given a charge over, (a) all rights that the company has in relation to the PT Kutai Mitra Sejahtera and the PT Sasana Yudha Bhakti loan and over (b) a new separate company bank account by way of an English law charge over bank accounts. At 31 December 2013, the total balance on the bank accounts subject to such charge was £122 or \$202 (2012 £341,171 or \$554,575).

**17. ULTIMATE HOLDING COMPANY**

The immediate and ultimate holding company and the controlling party is R.E.A. Holdings plc ("REAH"), incorporated in Great Britain and registered in England and Wales. The financial statements of the company are consolidated into the group headed by REAH which is the only group into which the results of the company are consolidated. Copies of the annual report, including the audited financial statements, of REAH are available at the registered office of REAH.