CAMELLIA PLC

Camellia Plc Annual Report 2022

2022

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CAMELLIA PLC

REPORT AND ACCOUNTS 2022

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CAMELLIA AT A GLANCE

We are an international Group headquartered in the UK, a global family of companies focused on agriculture, and are passionate about our produce and our communities.

We are committed to doing the right thing: ethically and commercially, globally and locally. We are custodians, operating sustainable businesses in trust for future generations. We seek to improve the long-term stability and wellbeing of these businesses and the communities and environments in which they operate.

We seek to use sustainable agricultural practices to ensure that the environments and communities in which we operate are protected and enhanced. This allows us to continually improve operational efficiency and sustainability which is not only a driving force for enhancing profitability but also a powerful tool to reduce our environmental impact, benefit our communities and support our ultimate ambition to reach net zero.

Purpose and strategy

We aim to generate long-term value for our shareholders and our stakeholders which include our employees, customers, suppliers and local communities in which we operate.

The Group's strategy is to focus on the sustainable production of its core crops (tea, nuts and fruit) whilst continuously assessing opportunities to diversify by both crop and origin.

Execution of this strategy will involve divesting non-agriculture assets as appropriate opportunities arise.

Our business is made up as follows:

Agriculture

2022: Revenue – £283.0 million, trading profit £15.5 million

	Locations	*Mature Area Ha*	*Immature Area Ha*
Tea			
Production and Manufacturing	India, Bangladesh, Kenya, Malawi	34,298	2,282
Instant tea, branded tea and tea lounges	India, UK		
Nuts and fruits			
Macadamia	Kenya, Malawi, South Africa	3,149	630
Avocado	Kenya, Tanzania, South Africa	741	509
Other fruits	UK, Kenya, South Africa	539	87
Other agriculture			
Forestry	Kenya, Malawi, Brazil	2,993	2,805
Arable	Brazil	3,779	–
Rubber	Bangladesh	1,790	138
Livestock (head)	Kenya		4,246

Other investments

Engineering

2022: Revenue – £13.2 million, trading loss £0.8 million

	Location
AJT Engineering	UK

Investments

	Locations	*Market value at 31/12/2022 £'m*
Investment Portfolio	Global	35.6
Investment Property	UK, Malawi, Brazil	25.4
Collections (stated at cost)	UK, India	8.8

Associates

2022: Share of results after taxation – £3.1 million loss

	Locations	*Holding %*	*Market value at 31/12/2022 £'m*
BF&M (Life and Non-life insurance)	Bermuda	36.9	59.3
United Finance (Banking)	Bangladesh	38.4	9.2
United Insurance (Non-life insurance)	Bangladesh	37.0	6.1

DIRECTORS AND ADVISERS

Directors	Malcolm Perkins	*Chairman and Interim Chief Executive*
	Graham Mclean	*Director of Agriculture*
	Susan Walker	*Chief Financial Officer*
	Stephen Buckland	*Non-executive Director*
	Rachel English	*Independent non-executive Director*
	Simon Turner	*Non-executive Director*
	Frédéric Vuilleumier	*Independent non-executive Director*

Board committee memberships are detailed on pages 32 and 33

Group General Counsel and Company Secretary
Amarpal Takk

Registered office
Wrotham Place
Bull Lane
Wrotham
Near Sevenoaks
Kent TN15 7AE

Registered Number
00029559

Nominated adviser and broker
Panmure Gordon (UK) Limited
40 Gracechurch Street
London
EC3V 0BT

Registrars
Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Independent auditors
Deloitte LLP
Statutory Auditors
1 New Street Square
London EC4A 3HQ

PR
H Advisors Limited
3 Pancras Square
London N1C 4AG

Website
www.camellia.plc.uk

CHAIRMAN'S STATEMENT AND OPERATIONAL REPORT

Overview of financial results

Revenue from continuing operations for the Group increased to £297.2 million from £255.3 million in 2021. This included an 18% increase in revenue in Agriculture to £283.0 million (2021: £238.9 million) reflecting a full year of trading from Bardsley England, higher tea prices in almost all jurisdictions, albeit on lower crops, higher avocado volumes at reduced selling prices, increased macadamia sales volumes at reduced prices and improved arable prices. This was offset in part by reduced packet tea revenues in India. Revenue from Engineering was lower in 2022 reflecting the sale of Abbey Metal and Amfin during 2021.

Revenue from the discontinued operation (ACS&T) improved in the period up to the date of sale reflecting increased activity in the UK food service sector as COVID restrictions eased.

The results for 2022 show a loss before tax for continuing operations of £3.7 million (2021: £7.1 million profit) reflecting significantly lower results from BF&M and a large impairment charge in respect of Bardsley England. However, taking account of non recurring separately disclosed items the adjusted profit before tax for continuing operations is £4.6 million (2021: £8.8 million). Adjusted profit before tax for continuing operations is before separately disclosed items, primarily impairments, further details of which are set out in note 4 to the Accounts.

The Agriculture division showed improved trading profits in 2022 due to a strong focus on consistent quality to maximise prices, cost control and efficiency initiatives as well as through volume growth in macadamia and avocado and from improved pricing for our arable crops. The improved profitability for the division was achieved despite poor weather in India, a prolonged labour strike in Bangladesh, significantly higher distribution costs for our products, especially from Africa, significant inflation in energy and input costs as a result of the Ukraine war, the UK cost of living crisis and the after effects of the COVID pandemic continuing to indirectly impact certain aspects of our trading.

Due to the very high inflation experienced in the UK fruit sector, coupled with severe customer price sensitivity, the combination of which has impacted our view of the future for Bardsley England, an impairment of £10.0 million has been recognised in the 2022 results (see page 73).

Our Engineering division's results also improved in 2022 through a strong focus on cost control and efficiency initiatives and reflecting the benefits of the sale of loss making businesses in 2021.

Our results were however also adversely impacted by the poor performance of our associate, BF&M, which was severely affected by the volatility in financial markets and recorded a significant loss, our share of which was £3.6 million, primarily as a result of marking investments to market values. In contrast in 2021 BF&M made a significant contribution to profits of £6.4 million.

In addition to the loss from our continuing operations, we recorded a significant profit from discontinued operations (i.e. our Food Service segment) of £7.6 million (2021: £nil), inclusive of the gain on sale of ACS&T of £3.8 million.

Dividend

Reflecting continued confidence in the Group's long-term future, the Board is recommending a final dividend in respect of the year ended 31 December 2022 of 102p per share bringing the total dividend for the year to 146p per share (2021: 146p per share).

Strategic matters

The Group comprises businesses that produce nutritious and healthy food. Increasing global demand for sustainable and healthy diets drives our continued strategy of evolving to meet the changing needs of our customers, smallholder growers and others. Alongside generating returns for our shareholders we have a role to ensure we use resources responsibly, build strong rural economies and ensure thriving healthy communities by drawing upon everything we have learnt over many decades as a tea, macadamia, and avocado producer.

We noted in our 2022 Interim Report that the Board was undertaking a series of measures aimed at re-balancing the Group's portfolio of investments to take better advantage of its strengths, and thereby improve profitability and share price performance. This exercise continues.

The Group continues to focus on its key strengths in agriculture and the further diversification of crop and origin, facilitated through disposing of non-core assets.

During 2022, the diversification strategy for the Group's core crops has continued with the ongoing expansion of its macadamia and avocado footprints. We have progressed new avocado developments in three of our origins in Africa looking to build on our experience in Kenya and our market knowledge and scale. The developments in Tanzania and South Africa also diversify origin to take advantage of the different climatic and water benefits that these locations present, and which ultimately will lead to a longer market window for fruit deliveries into the various key markets we supply.

Macadamia developments continued in Kenya with both commercial and trial plantings to maximise existing site potential and test alternative sites for future viability with an objective of creating further options for diversification of crop and origin for the future.

Blueberry expansion and development into a possible significant potential core crop for the Group, continues to be a strong ambition given the availability and diversity of location and water supply. As explained later, the experience being gained from the current commercial blueberry trial in Kenya will be invaluable in converting a possibility into reality.

Sustainability and safeguarding

The work initiated by the Stewardship and Safeguarding committee (SSC) has progressed across the Group with the assistance of international specialist consultants. Group subsidiaries have continued to review their social and grievance procedures, and where appropriate, to establish operational-level grievance mechanisms in accordance with the UN Guiding Principles on Business and Human Rights. Group subsidiaries have also enhanced local reporting and training by raising awareness across their management, employees and local communities.

The Board remains committed to further enhancing the Group's environmental and sustainability practices, and has expanded the remit of the SSC. Consequently, that committee has been reconstituted as the Sustainability and Safeguarding committee and reports to the Board. More details of this committee are set out in the corporate governance section on page 40.

The Group strives to use water sustainably, reduce waste, protect the ecosystems within which it operates, and works to ensure estates and smallholders are resilient to climate change. Ahead of the 2023 annual report, the Group is preparing to implement the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) which is an important step in that process. As part of this effort, the Group has embarked on measuring its Scope 3 emissions. In conjunction with Scope 1 and 2 emission data, this will put us in a position to consider Science Based Targets for emission reduction.

Investment activities

Capital expenditure in 2022 for continuing operations amounted to £16.9 million. Within this, substantial investment was made in Kenya, Tanzania and South Africa, expanding our macadamia and avocado orchards with a total of 251Ha of new avocado and 97Ha of new macadamia planted. 293Ha of tea was replanted across the Group in the year.

The development of three residential properties on the Linton Park estate was completed and these have been let.

We expect capital expenditure in 2023 to be in line with recent historical levels as we continue to invest in our key strategic growth priorities.

Progress on refocusing investments

ACS&T

Consistent with our strategy, we sold ACS&T at the end of December for £16.6 million with the funds received at the start of January 2023. This also released £3.8 million of cash by way of a pre-sale dividend from that operation. This was the last component of our Food Services division which is now shown as a discontinued operation in our results for 2022. ACS&T contributed £1.7 million of profit before tax in the year and its disposal generated a gain on sale of £3.8 million.

Properties
A residential property in central London was sold in February 2022. We continue to consider opportunities to realise our investment in properties and are currently marketing properties in London and Bristol, others may be sold in due course.

As a consequence of changes in work practices and office requirements, we relocated our head office to a Group owned property at Wrotham in Kent in March 2023. Planning consent has been achieved to convert Linton Park to residential use and the property is being marketed for sale.

Collections
Part of the Camellia Collection was sold at auction during 2022 generating net cash proceeds of £3.6 million and a gain on sale of £1.4 million. Further items are due to be auctioned during 2023.

Performance

Agriculture

In total, Agriculture made a trading profit of £15.5 million (2021: £13.1 million) on revenue of £283.0 million (2021: £238.9 million), as set out in note 1 to the Accounts.

Tea

	Tea estate production and manufacturing		*Instant tea, branded tea and tea lounges*	
	2022	*2021*	*2022*	*2021*
	£'m	*£'m*	*£'m*	*£'m*
Revenue	177.6	*161.5*	32.5	*34.7*
Adjusted trading profit/(loss)*	9.1	*10.7*	0.2	*(0.5)*
Trading profit/(loss)	9.1	*11.3*	0.2	*(0.5)*

* See note 1 to the Accounts

Estate production and manufacturing

Group tea production in 2022 was 92.9mkg, down 6% on 2021 levels (2021: 99.1mkg) due to lower production in most jurisdictions resulting mainly from adverse weather, and in Bangladesh, a prolonged strike.

	Mature area Ha	*Immature area Ha*	*2022 Production Volume mkg*	*2021 Production Volume mkg*
India	16,466	992	26.8	*26.1*
Bangladesh	8,648	690	11.4	*14.4*
Kenya	3,843	315	13.3	*14.9*
Malawi	5,341	285	19.0	*20.0*
Total own estates	34,298	2,282	70.5	*75.4*
Bought leaf production			17.8	*19.2*
Managed client production			4.6	*4.5*
Total made tea production			92.9	*99.1*

Pricing and operations

Tea pricing for all regions, except Darjeeling in India and Malawi, was above that of last year, with our estates being rewarded for concentrating their efforts on the consistent production of high quality teas. As with total production, our sales volumes were also lower.

Shipping logistics have continued to be a challenge throughout the year though this has improved in more recent months. We continue to experience inflation in key input costs, particularly wages, fertiliser, energy and logistics. Distribution costs, particularly from Africa, increased substantially in the year and this in combination with reduced volumes has impacted margins.

India

Our estate crop for 2022 was up 3% on last year. The impact of continued poor weather meant that our production volumes did not recover to pre-pandemic levels.

Our net selling prices firmed for both Dooars and Assam CTC teas due to demand in the internal packet tea market and improved quality, up on prior year by 8% for Dooars and 3% for Assam CTC teas. Darjeeling prices were down 8% over the same period, due to reduced demand. Our Assam Orthodox (rolled leaf tea) prices were up 27% on prior year as the market continued to benefit from severely reduced production entering world markets from Sri Lanka.

North India market pricing overall remained strong in 2022 for quality teas due to limited supply and supported by 100% import tariffs. North India export volumes were up c.26%, with prices in this market on a par with last year.

2023 has seen the last of the limited 2022 tea stocks sold at significantly lower prices than in the corresponding period last year and the first auctions of the new season also opened substantially lower. Going forward pricing will be determined by regional production volumes and demand.

As previously announced, wages in West Bengal increased 15% for 2022 and Assam wages increased 13% effective from August 2022. A further escalation in wages of 7.7% has recently been announced in West Bengal, on which we await clarification.

Investment in replanting continued with 122Ha of planting completed (2021: 167Ha) and a further 182Ha uprooted in preparation for future planting.

Bangladesh

Due to a very dry start to the season, then very wet weather and flooding coupled with a national strike over wages during the peak season, the Bangladesh operations reported a 21% lower crop than prior year.

Our average net selling price was up 3% on prior year, due to an increased concentration on quality and improved grade mix, though this was insufficient to compensate for the reduced volume and significant wage inflation discussed below.

National production was 3% down on prior year but was the third highest crop on record, principally as a result of a 22% increase in bought leaf volumes, the production of which was not affected by the strike. The bought leaf sector has grown 140% in 5 years and its continued rapid escalation, if left unchecked, presents challenges to the market with a risk that potential oversupply results in downward pressure on pricing.

2023 has seen reasonable prices for prior season teas in the initial sale. Forthcoming pricing will be driven by the level of production over the summer months.

Following strike action and intervention by the government, a wage increase of 41.7% was mandated and agreed by the unions effective from August 2022. In addition, a lump sum payment of Tk11,000 per permanent worker was agreed, payable in 2023. The significant wage increase has substantially impacted the ongoing cost of production and requires a meaningful increase in productivity and selling prices if tea production in Bangladesh is to be sustainable long-term.

The total area planted in 2022 was 145Ha (2021: 143Ha) of which 118Ha was replanting and 27Ha was newly planted areas.

Kenya
Following a cool, dry first and last quarter, our Kenyan estates' crop production was down 12% on the previous year. Total factory volumes were down 9%. The national crop was only down c.1%, which is indicative of increasing production levels from smallholders.

Our average selling price in 2022 was up on prior year by 17%. We have continued to outperform our commercial grower competitors in the district by concentrating on quality with a price differential of 7% above the average and our average prices were the highest of the commercial growers.

The "all average price" at Mombasa auction was 18% up on 2021, driven principally by the sale of improved quality teas. There were large volumes of medium quality teas which did not sell, building a large stock of inventory. Export levels were c.27% down on 2021 with demand from Pakistan and Egypt lower due to the lack of availability of hard currency with which to purchase tea. Demand from the UK was also down due to lower consumption. Increased competition from other beverages and low retail pricing in western markets continues to be a challenge for the industry as is the oversupply of low to medium quality CTC teas for which there is a limited market.

In 2023 our prices to date have been significantly below that of the same period of 2022 reflecting a continuing reduced demand from Kenya's largest two buyers, Pakistan and Egypt. Pricing levels looking forward will depend on production volumes and quality as well as the continued shortage of hard currency in these regions. However, our crop for Q1 2023 was significantly ahead of the same period last year.

Following the conclusion of the CBA negotiations wages are expected to increase by 7% in 2023.

We replanted a total of 53Ha (2021: 50Ha) whilst uprooting 52Ha for replanting in 2023.

Malawi
Our Malawi crop in 2022 was 3% down on that of 2021 following a slow start to the season due to the late arrival of the rains.

Sales in the first half of 2022 experienced some delays due to the logistics challenges arising from a scarcity of containers and flooding disruption at Durban port in South Africa. However, the situation has significantly improved in recent months.

Malawi prices remained under pressure for much of the year with the plainer teas from West of Rift Kenya still proving an attractive value substitution to buyers. Malawi, being land locked, is at a considerable disadvantage to most of its neighbours due to the additional costs of transport to markets. Our average selling price was 2% below that of 2021.

As previously announced, a wage increase of 13% was agreed effective from August 2022. A further increase of 5% applied from January 2023.

On 26 May 2022, the Reserve Bank of Malawi announced that it would stop supporting the currency and allowed the exchange rate to reflect market fundamentals. This resulted in a devaluation of the Kwacha of c.25%. Despite this, the availability of foreign exchange is very limited posing challenges to importers.

There was no replanting in Malawi for a third successive year, a decision taken to conserve resources considering trading conditions.

Selling prices in 2023 in Malawi are marginally above those of the same period of 2022. The market is expected to be volatile for a period due to uncertainty influenced by the general direction of the Kenya market. A lack of foreign exchange in a few key markets also adds to the expected volatility. Our production volumes in Malawi for Q1 2023 are below those of last year.

In mid-March 2023 cyclone Freddy hit southern Malawi with torrential rain and strong winds causing loss of life and extensive damage to property and infrastructure. Sadly, we had one fatality that occurred in our eastern Mulanje operations where the worst of the weather was experienced and where a landslide destroyed approximately 12Ha of tea, irrigation equipment and other water supply systems. Electricity supply has since been reinstated to all factories and roads and bridges have been repaired so access to all estates has been restored. Production has continued throughout, although at lower than expected levels.

The impact on the surrounding communities has been more significant with loss of life, housing and the destruction of many hectares of food crops. We are supporting the community and providing assistance where possible. Nationally there is a great deal of damage to infrastructure in and around the urban centre of Blantyre which will take time to rebuild.

Instant tea, branded tea and tea lounges

India

Sales volumes of our packet tea in India fell by 9%, and net prices also reduced by 5%. Despite increasing demand for tea, packet tea sales continue to suffer from competitive pressure in the branded market as well as reduced demand for private label teas. However, the operation has continued to innovate with new product development and the release of new product lines in Single Estate premium teas and five varieties of Ready to Drink bottled iced teas.

Instant tea production in 2022 was up 17% on the previous year. Sales volumes increased 36% with average prices also up by 5% reflecting increased demand and product mix changes, leading to a significantly improved contribution from the operation.

UK

Revenue recovered close to pre-pandemic levels and trading improved for Jing Tea as COVID restrictions were further eased in all markets except China. Although margins have been adversely affected by inflation, particularly on packaging and logistics costs, overall losses are lower than those experienced in 2021. Additional warehousing has been established in Dubai to serve the Middle East markets more efficiently and new customers have been successfully secured for 2023.

Nuts and fruits

	Macadamia		*Avocado*		*Other fruits*	
	2022	*2021*	*2022*	*2021*	*2022*	*2021*
	£'m	*£'m*	*£'m*	*£'m*	*£'m*	*£'m*
Revenue	14.9	*10.8*	19.2	*11.1*	23.0	*9.3*
Adjusted trading profit/(loss)*	2.9	*2.7*	2.3	*(0.5)*	(5.3)	*(4.1)*
Trading profit/(loss)	2.9	*2.7*	2.3	*(0.5)*	(5.3)	*(4.6)*

* See note 1 to the Accounts

Macadamia

	Mature area Ha	*Immature area Ha*	*2022 Production Tonnes*	*2021 Production Tonnes*
Malawi	1,417	96	540	*438*
South Africa	822	315	486	*375*
Kenya	910	219	660	*492*
Total	3,149	630	1,686	*1,305*

The Group's kernel production volumes increased by 29% in 2022 due to improved growing conditions in Southern Africa generally, enhanced pest control in Malawi and our Kenya crop has increased over 30% on the previous year. The Kenya crop is increasing as further areas of maturing orchard come into bearing alongside the increasing maturity of existing orchards.

However, our average net selling price was down 10% on 2021 reflecting high inventories and continuing subdued market demand for kernel post COVID, particularly from China, but also the USA and Japan and exacerbated by increased worldwide production. Sales volumes were however up 18% on 2021 and profits benefitted from the additional volumes, related efficiencies and a favourable sales grade mix despite higher distribution costs.

Harvesting of the 2023 crop is underway and volume indications at this stage are encouraging. The macadamia harvest in Malawi was virtually complete before cyclone Freddy arrived in country, so there has been no significant impact on production volumes and processing continues.

Global production volumes in 2022 were above prior year with the two major producers, Australia and South Africa up 7% and 28% respectively. China's production volumes also increased by an estimated 44% reducing their demand for imports. Higher global inventory going into 2023 is continuing to put downward pressure on prices, particularly on kernel grades for the ingredients market.

This situation is expected to persist for some time. Orders and pricing in 2023 so far are well below prior year as buyers assess the current market conditions.

Avocado

	Mature area Ha	*Immature area Ha*	*2022 Production mkg*	*2021 Production mkg*
Kenya – Estate Hass	608	278	12.4	*7.5*
Kenya – Estate Pinkerton	133	–	2.0	*1.0*
Tanzania – Estate Hass	–	152	–	–
South Africa – Estate Hass	–	79	–	–
Total own estate production	741	509	14.4	*8.5*
Smallholders			1.2	*0.6*

Our estate avocado production was up 70% on last year, due in large part to the bi-annual nature of the production which also resulted in higher volumes packed for smallholders The avocado tree has a natural tendency towards alternate or bi-annual bearing, widely known as 'on' and 'off' years and 2022 was an 'on' year. Our estate Hass pricing was up 2% on prior year, due to a firm market for the majority of our fruit arrivals.

There was an excellent Pinkerton season with export volumes up 143% and pricing up 6% on the previous year leading to a significant contribution from that crop to profits despite higher distribution costs.

The 2023 Pinkerton harvest is well advanced with volumes ahead of 2022 and we expect prices to be higher. The Hass season has now started with volumes expected to be significantly behind those of 2022 reflecting the fact that it is an 'off year' for Hass.

We continue our avocado expansion strategy by diversifying our origin portfolio, with further plantings in Tanzania, Kenya and South Africa. We planted 102Ha (2021: 37Ha) at our farm in Tanzania, a further 69Ha (2021: 44Ha) in Kenya and 78Ha (2021: nil) in South Africa. In 2023 to date a further 98Ha have been planted in Tanzania.

During the year Kakuzi in Kenya achieved GLOBALG.A.P. "SPRING" Certificate of Conformity for the sustainable management of water resources.

Other fruits

	Mature area Ha	*Immature area Ha*	*2022 Production Tonnes*	*2021 Production Tonnes*
Apples – own estate	396	94	17,610	*11,845*
Apples – partner growers			8,650	*1,428*
Pears – own estate	88	4	1,470	*1,395*
Pears – partner growers			470	*266*
Stone fruit	44	0	666	*205*
Grapes	82	11	774	*644*
Blueberries	7	–	28	*42*

Apples and pears
Bardsley England is the Group's only agricultural investment in the UK and to date it has failed to perform to expectation incurring a pre-tax loss of £5.7 million in 2022. A combination of factors has contributed to this unacceptable outcome. These include higher than anticipated labour costs, due to government policy on pay for seasonal workers which had a consequent impact on wage rates for permanent workers, as well as very high inflation in electricity, fertiliser, chemicals and fuel costs as a result of the Ukraine war which also had an indirect inflationary impact on other costs. The UK apple season in 2022 saw very high volumes of production with the market oversupplied thus applying significant downward pressure on prices in a rising cost environment. Although consumers have experienced significant food inflation, key retail customers have resisted any meaningful selling price increases. Studies have estimated inflation for apple growers in the UK at 23% in contrast to average industry selling price increases of 0.8% (Source: British Grower Association Survey). Attempts to mitigate cost increases through the restructuring undertaken in December 2021 and other efficiency and cost reduction initiatives have had limited impact.

The record breaking heat in the summer coupled with harvesting delays due to heavy rain led to a 49% increase in production volumes but a combination of smaller fruit and significant quality issues further compounded the impacts of high cost inflation and low pricing.

Many producers in the UK top fruit sector are also experiencing difficulties and some producers have ceased farming with replanting significantly scaled back. However, consumers continue to demand locally sourced produce and UK fruit remains competitively priced. Despite the challenges in the short term, it is our view that the UK top fruit sector is likely to present opportunities in the coming years for growth and margin recovery for producers.

Considering the trading environment, a decision has been made to further restructure and significantly reduce the scale of Bardsley England's operations. As a result, the uneconomical West Kent orchards were closed in January 2023 and discussions to exit the related leases remain ongoing.

In March 2023, Bardsley England agreed with its key customer that the existing supply contract will be terminated at the end of the current season. Bardsley England intends is participating in the re-tendering of this contract.

The potential closure of the West Kent packhouse operation was announced on 30 March 2023 and the employee consultation is ongoing with packing from that site expected to continue until early August 2023 to fulfil current contracts. The business is expected to be consolidated on a single site in East Kent which has large fruit storage facilities and is well located for access to key transport routes. This will allow for transport and other operational efficiencies to be achieved and for future overhead cost savings.

An impairment charge of £10.0 million has been recognised in respect of Bardsley England's assets and goodwill in 2022 as a result of the reduced expectations for the business in the current economic and sectoral environment. Restructuring costs in the range of approximately £1 million to £1.25 million are expected to be incurred and recognised in the 2023 results. Due to the ongoing contractual commitments for 2023, in conjunction with restructuring costs, we expect Bardsley England to also record a significant loss in 2023.

Grapes
Grape production at our South African operation ended with a record harvest 17% up on that of 2021. The grapes were high quality and were sold to local commercial-scale winemakers. The 2023 harvest in South Africa has resulted in a further record production, well ahead of expectation. Pricing is in line with 2022.

Blueberries
2022 was the third year of full production of our 10Ha trial in Kenya.

As previously stated, the indications from the trial are that the variety planted initially does not perform optimally in Kenyan conditions. Other varieties have been trialled in small areas during 2022 and at least two of these are showing much greater potential than the current dominant variety planted. The reason for establishing this commercial scale trial was to test plant establishment, agronomy practices and varieties and this is being achieved very successfully. During 2023 the most promising varieties from the trial will be planted in the 10Ha area.

Production in 2022 fell by 33% reflecting the transition of the trial out of one variety pending the establishment of the others as explained above. The majority of the crop produced was sold locally.

Other agriculture

2022: Revenue – £15.8 million (2021: £11.4 million), trading profit £6.3 million (2021: £4.8 million)

	Mature area Ha	*Immature area Ha*	*2022 Production Tonnes*	*2021 Production Tonnes*
Arable	3,779	–	40,621	*34,769*
Rubber	1790	138	658	*690*
			m^3	*m^3*
Forestry	2,993	2,805	45,354*	*46,079**
			Births	*Births*
Livestock			681	799

* Volumes quoted are for conversion to value addition products rather than fuel wood for own use.

Arable
Our soya and maize crop production was higher than that of prior year with excellent quality being achieved. Prices for the soya crop were 37% higher than the prior year and maize prices increased by 4%, reflecting the impact of the Ukraine war on global food grain markets. Wheat stocks carried over from 2021 also achieved good prices. This led to substantially increased profits for our operation in Brazil.

Rubber
Production was down 5%, with pricing down 1% on last year and prices remain lower than the cost of production. A number of initiatives are being pursued with the aim of reducing the losses from this crop.

Forestry
Kakuzi's forestry volumes were slightly ahead of last year with the main focus on fence post sales. The production of quality timber products is also being investigated as a potential diversified and value-added product line.

Our Brazil operation restarted its eucalyptus timber sales during the year but no significant pine timber sales were made. Pine resin sales continued throughout the year, providing a useful contribution to profits.

Livestock
Births were down significantly on last year, leading to lower revenues.

There are now some 600Ha under grass production for baling and sale into the local market which will also provide a diversified source of revenue for the livestock operation.

Other investments

Engineering – AJT Engineering
A trading loss of £0.8 million (2021: £2.3 million loss) on revenue of £13.2 million (2021: £15.3 million) was recorded, as set out in note 1 to the Accounts. The loss in 2022 was lower than prior year due to tight cost control and a focus on efficiency and improving terms with customers.

Market conditions in both the oil and gas and hydro sectors were flat during 2022. The surge in orders during the autumn of 2022 subsequently abated due to government policies affecting the confidence of the oil majors to increase production from the North Sea and the energy crisis causing the key customer for Site Services to postpone planned projects. Order intake and enquires in 2023 to date for both divisions are encouraging.

Associates

2022 Share of results: Loss of £3.1 million (2021: Profit of £7.2 million)

BF&M
BF&M recorded a shareholders' net loss of Bermudian $8.8 million as compared to shareholders' net income of Bermudian $25.2 million for 2021. Significant increases in interest rates resulted in short-term fluctuations in the values of BF&M's fixed income portfolio. Both bond and equity asset prices declined, resulting in unrealised losses of Bermudian $19 million (loss of 7.4%). A non-recurring, goodwill impairment charge of Bermudian $5 million was also recorded.

Net income from operations, excluding fair value movements in investments and the goodwill impairment, was Bermudian $11.5 million versus Bermudian $22.0 million in 2021. Gross premiums written for the period increased by 3% from the prior year, driven by increased property premiums offset by the non-renewal of a large account which was fully reinsured. Short term P&C claims and adjustment expenses increased by 6.8% to Bermudian $15.8 million. Excluding the fair value impact, life and health policy benefits increased by 9% to Bermudian $96.8 million. Group health claims remained elevated just above pre-pandemic levels with a return to normalised levels expected in 2023. Volatility in financial markets impacted overall assets under management, however the pension and annuity businesses remain well-positioned as these markets recover.

United Finance and United Insurance
Our two associate companies in Bangladesh, United Finance and United Insurance, produced lower results reflecting continued challenging economic conditions in Bangladesh.

While United Finance's net operating income was 13% higher than that of the prior year due to an increase in the number of new loans sanctioned, margins were impacted by the effect of inflation on the overhead base and an increase in the costs of non-performing loans.

The underwriting profit for United Insurance decreased due to a decrease in gross premiums, higher claims and increased cost of reinsurance.

Investment portfolio

The total value of the portfolio at 31 December 2022 was £35.6 million (2021: £40.2 million). During the year a net £5.6 million was realised from the investment portfolio.

Currencies

Over the course of the year, Sterling weakened against the majority of our operating currencies. This has resulted in a gain on foreign exchange translation of £9.3 million (2021: loss £4.0 million) which is reflected in the Statement of Comprehensive Income. Had we translated our profit before tax for the year using the same average rates as last year, our results for 2022 would have been £0.2 million lower. Our profit before tax includes an exchange gain of £1.5 million on transactions during the year (2021: gain £0.4 million).

Tax and other provisions

The Group's tax charge reflects the losses in the UK and impairment charges which are not deductible for tax. The tax charge also reflects the reversal of a significant deferred tax liability as a result of movements in the surplus on the UK Pension Scheme.

As is normal at this time of the year, we have ongoing wage negotiations relating to prior periods in India. We consider we have made adequate provision for their likely outcome.

Despite progress being made during 2022, we continue to have a number of significant uncertain tax situations totalling £12.5 million, which have been disclosed previously and which are detailed in note 42 to the Accounts.

Pensions and other employment benefits

The Group operates a number of defined benefit pension schemes, the largest of which is in the UK. On an IAS 19 basis, at the end of 2022 the UK scheme had a deficit of £1.1 million. No contributions are currently being made to the scheme. The next triennial valuation is due in 2023.

Accounting for defined benefit schemes is prescribed by IAS 19 and the quantum of the deficit continues to be highly sensitive to small changes in assumptions as regards wage inflation and gilt yields in the relevant jurisdictions and to asset performance. This year a net actuarial loss after tax of £9.3 million (2021: post tax net gain £16.5 million) is reflected in the Statement of Comprehensive Income. The net loss this year arises primarily from the UK scheme where asset performance was lower than expected.

Outlook

Trading in 2023 to date has been mixed, with higher production volumes in Kenya offsetting the lower prices being achieved in that market. There has been a positive opening for new season teas in Bangladesh but prices in India are significantly lower than last year, albeit for both countries it is very early in the season. Macadamia volumes are also significantly ahead of those of 2022 but pricing continues to be under significant pressure and sales volumes are below prior year. The remaining crops are developing in line with what we would expect at this stage in the growing cycle.

There remains residual uncertainty about how the war in Ukraine might impact the tea market and input costs more broadly going forward. High energy prices will continue to affect our margins. Fertiliser prices also remain relatively high with the impact continuing to be felt in the cost of production across all our agricultural operations. Furthermore, rising inflation is leading to continuing increases in wage demands.

Overall, however, with financial markets less volatile than in the recent past, we expect adjusted profit before tax for 2023 to be ahead of that of 2022 and with our substantial cash resources, our investment portfolio and limited gearing, we continue to be well placed to withstand a further period of disruption to our operations and sales.

We thank all of our staff for the way in which they responded to the many challenges of the year in what has been a fast-changing business environment. The passion for our products, our skills and the professionalism of our people are key to our success.

Malcolm Perkins
Chairman and Interim Chief Executive

Susan Walker
CFO

Graham Mclean
Director of Agriculture

3 May 2023

ENVIRONMENTAL AND SOCIAL REPORT

At Camellia, ESG (Environmental, Social and Governance) is integral to our business. This is based on our fundamental belief that we are custodians of our operations and must ensure a process of continuous improvement across all that we do. This enables our assets to be passed on to future generations whilst caring for the environments in which they are based and for those communities who depend on them. We believe that the success of all our operations is intrinsically connected to the communities, the environments and wider supply chains in which they operate.

During the year we developed a Group sustainability strategy consisting of five guiding pillars which are set out below, with the United Nations 10 Sustainable Development Goals (SDGs) to which they align:

Group guiding pillars	*SDG**
Environment	6, 13 and 15
Emissions	3, 7, 12, 13 and 15
Social Sustainability	3, 4, 5, 6 and 8
Safeguarding	5, 8, 12 and 16
Health and safety	3 and 8

* SDG 3 (Good health and wellbeing); SDG 4 (Quality education); SDG 5 (Gender equality); SDG 6 (Clean water and sanitation); SDG 7 (Affordable and clean energy); SDG 8 (Decent work and economic growth); SDG 12 (Responsible consumption and production); SDG 13 (Climate action); SDG 15 (Life on land) and SDG 16 (Peace, justice, and strong institutions).

Within these five guiding pillars we have identified five key focus areas for which the Group's operations will create timebound action plans and initiatives to actively create strategies and seek solutions which address the various challenges facing the Group:

- Water stewardship
- Climate action and decarbonisation
- Access to clean drinking water and sanitation
- Safeguarding
- Health and safety

We realise that these are highly complex areas and it will take time to devise, as well as implement, plans to achieve our desired outcomes. In some areas solutions may not yet exist but we intend to actively seek and trial possibilities where practically and economically feasible.

The Group undertakes a variety of ESG projects and initiatives, examples of which are set out in this report and on our website (www.camellia.plc.uk).

The Group's approach to ESG is described in detail in this section and is the responsibility of the Board which is supported by the Sustainability and Safeguarding committee. The boards of the Group's operating companies closely consider their respective governance protocols and the environmental and social impact of their ongoing operations and investment decisions, with regard to both Group requirements and local regulations and legislation. The Group's approach to Governance is set out in the Corporate Governance report.

Environmental

Climate change is the most significant long-term risk to the Group's agricultural operations. We seek to mitigate the impact of this risk by diversifying our agricultural production by both origin and crop. We also continue to plant more drought resistant crop varieties and use other initiatives, such as regenerative farming methods and sustainable irrigation.

In addition to our efforts to minimise our environmental impact, we work to protect and enhance forests and water bodies to promote biodiversity. The material environmental impacts that arise from the Group's operations fall broadly into three categories: (i) greenhouse gas emissions from on-site combustion of fuels to power the tea factory driers; (ii) use of fertilisers; and (iii) extraction of water for irrigation of crops. Water is extracted from a variety of sources, but we seek to maximise rainwater capture by creating large reservoirs wherever possible from which to irrigate sustainably.

The Group oversees c.9,000Ha of indigenous forests and conservation areas and a further 7,200Ha of commercial forestry (eucalyptus, pine and cypress). These areas, in combination with fields of perennial crops sequester significant amounts of carbon and act as an important carbon sink, which once quantified will offset some of the Group's emissions. We have estimated sequestration of our core crops and our managed eucalyptus estates, which we comment on further below.

We use specialist partners to support the Group in achieving environmental protection and emission footprint reduction initiatives and are continuously exploring technologies that can reduce our environmental footprint.

Environmental reporting

The Group continues to report under the Streamlined Energy & Carbon Reporting Regulations (SECR), which is set out in the rest of this section. The Group's 2023 annual report will include the Group's reporting in line with the Taskforce on Climate-Related Financial Disclosures (TCFD) reporting framework.

Based on prior year Scope 1 and Scope 2 carbon footprint investigation and analysis, the Group has determined that our priority for the reduction in emissions should be the thermal and electrical energy requirements of tea manufacture. Thermal energy demand reflects the highest levels of emissions and accordingly initiatives have been targeted towards reducing the quantity of fuel (coal, gas, wood) consumed.

Global GHG* emissions (excluding UK) and energy use data for the year to 31 December

Reporting year *Group sectors reported*	*2022* *Global* *(Excluding UK)*	*2021* *Global* *(Excluding UK)*	*2020* *Global* *(Excluding UK)*	*2019* *Global* *(Excluding UK)*
Emissions from the combustion of fuels, fertilisers, waste, livestock, land use change and refrigerants (Scope 1) (tCO_2e)**	154,508	156,853	164,227	181,076
Emissions from purchase of electricity, heat, steam, and cooling purchased for own use (Scope 2, location- based) (tCO_2e)	40,434	41,958	42,717	47,625
Total gross Scope 1 and Scope 2 emissions (location-based) (tCO_2e)	194,942	198,811	206,944	228,701
Intensity ratio: Kg CO_2e/Kg of made tea	1.36	1.29	1.40	1.51

* Greenhouse gas
** tCO_2e – tonnes of carbon dioxide equivalent

Refer to Appendix 1 for more detailed data and Appendix 3 for the methodology.

There is no market-based data available for global (excluding UK).

Changes in Scope 1 and Scope 2 emissions

The Group's Scope 1 and Scope 2 location-based emissions (excluding UK) reduced by 1.9% during the reporting period. This was primarily due to a reduction in volumes of made tea produced in Bangladesh and a lower national grid emission factor for Kenya. This was partially offset by higher electricity usage in South Africa due to an increase in the area under irrigation. In the tea drying process the Indian operations rely on coal whilst Bangladesh uses natural gas. Where possible, and with infrastructure permitting, cleaner fuel sources and efficiency improvements are being implemented, although progress is at an early stage.

We report the made tea intensity ratio (2022:1.36 kg CO_2e per kg of made tea; 2021:1.29kg CO_2e per kg of made tea) and we continue to invest to improve the carbon efficiency of our tea factories. There has been a 5.9% increase in the Group's location-based made tea carbon intensity, mainly due to less carbon efficient production in Bangladesh. Green leaf volumes received into factories reduced during the period leading up to the industrial action so factory capacity was not optimised. Following the strike, leaf was longer, resulting in leaf volumes taking longer to process. We are also pleased to observe that our Kenyan and Malawian tea operations have continued to improve their thermal energy efficiency in their tea factories.

As mentioned above, the Group's perennial crops sequester significant amounts of carbon. We previously reported that we conducted an external study to estimate the volume of carbon sequestered by the Group's key crops and managed forestry. Sequestration forms an integral part of the Group's ambitions to become net zero and we continue to assess how to reflect this as part of the Group's sustainability strategy. We await further direction from the GHG Protocol, under its land sector removals guidance, in relation to the accounting for carbon stocks.

UK GHG emissions and energy use data for the year to 31 December

Reporting year *Group sectors reported*	*2022* *UK*	*2021* *UK*	*2020* *UK*	*2019* *UK*
Emissions from the combustion of fuels, fertilisers, waste, livestock, land use change and refrigerants (Scope 1) (tCO_2e)	5,937	5,718	5,436	7,147
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location-based) (tCO_2e)	4,125	4,408	5,130	5,316
Total gross Scope 1 and Scope 2 emissions (location-based) (tCO_2e)	10,062	10,126	10,566	12,463

Refer to Appendix 2 for more detailed data including market-based data and Appendix 3 for the methodology.

Environmental certifications

AJT Engineering is ISO 14001 certified, the framework of which helps the entities improve building energy efficiency, reduce waste streams, and increases awareness of potential environmental risk factors. Many of our global operations are Rainforest Alliance certified and some are GlobalG.A.P. certified.

Energy efficiency action taken

In the period covered by the report, the Group's operations have implemented a range of energy efficiency initiatives. We set out some of the key examples below:

Operation	*Energy Saving Initiatives*	*Expected Saving per annum (MWh)*
Kenya	Improved fuelwood management and site suitability at all tea factories	3,534
Kenya	Installing new more energy efficient irrigation pumps	150
UK	Installation of fast close doors at cold stores, reducing the amount of ambient air flow	146
Kenya	Installation of variable flow controllers on irrigation pumps	100
Kenya	Variable speed drives fitted to air inlet fans at two of its tea factories	100

2021 key examples were:

Operation	*Energy Saving Initiatives*	*Expected Saving per annum (MWh)*
Kenya	Installation of a heat exchanger to recycle hot air from the boiler chimney, preheating the air entering driers at one of its tea factories	680
UK	Installation of fast close doors at cold stores, reducing the amount of ambient air flow	600
Kenya	Variable speed drives fitted to air inlet fans on tea driers at four of its tea factories	249
India	Upgrading steam traps at one tea estate, reducing steam losses, and increasing efficiency	230

In aggregate, we expect the above energy saving initiatives and several smaller initiatives to result in 4.1 GWh (2021: 2.3 GWh) saving in energy per annum.

In addition, the Group is continuing with its programme of replacing existing energy sources with renewables and in 2022 installed additional capacity expected to produce 430 MWh. The main initiatives to date include the installation of solar generation at several operations in India, Bangladesh, Kenya and Brazil, as well as the installation of hydro turbines in India. In the UK a number of our sites are on green tariff electricity contracts. The Group's operations have also assessed potential energy efficiency initiatives that can be implemented over the next five years to provide significant savings. We set out examples of the key initiatives below:

Operation	*Energy Saving Initiatives*
Tea	Replacing inefficient withering fans Continuous green leaf withering to improve the efficiency of the withering process Introduction of more energy efficient driers at its tea factories Testing alternative steam trap systems Variable frequency drives fitted to green leaf maceration equipment Variable speed drives fitted to air inlet fans for tea driers Improved fuelwood management and site suitability Installation of heat exchangers to recycle exhaust heat
Avocado	Installation of more efficient cold rooms
Agriculture	Variable speed drives fitted to irrigation pumps Replacement of lighting with more energy efficient LED lighting

The Group will continue with its program of replacing existing energy sources with renewables where possible with a focus on increasing installed solar capacity. Our ultimate intention is to set energy use and emission reduction targets across our operations.

Social

The Group's businesses are fundamentally connected to the welfare of the communities and environments in which they operate. They proactively invest to ensure these environments are protected and improved. Our focus is on the long-term stability, security and continuity of our businesses and those communities. To this end our subsidiaries are working with supply chains, customers, national governments, trade unions and NGOs to help improve the livelihoods of their employees and their communities.

Healthcare, education and housing

Healthcare, education and housing continue to be integral parts of the Group's operations. For example, the majority of tea estates in India and Bangladesh have a hospital and a qualified doctor, in addition to central referral hospitals owned and managed by the operations. Our African operations run dispensaries established on their estates, offering medical services and care to employees, their dependents, and people from surrounding communities. These are manned by qualified medical personnel from our operations and services are free to employees and their dependents. Across the Group we continue to operate 50 hospitals and 85 dispensaries that we own and/or operate. In 2022, the Group performed 1million patient treatments, of which 564,000 were for employees.

Many of our Group's operations provide childcare and education to their employees' families from nursery up to secondary school. During the year we continued to run 175 nurseries and creches, 72 primary schools and six secondary schools. In total we educated more than 23,000 children. In certain circumstances, our Group's operations will provide land or other resources to contribute to the running of local schools which are not owned and/or operated by them.

We also provide housing to a large number of employees and their families. The housing is owned and managed by our Group's operations and is provided and maintained in line with widely recognised international certifications. The Group's operations own c.48,000 houses accommodating c.293,000 people, of whom c.66,000 are employed.

2022 continued to be a year impacted by the effects of the COVID pandemic. Our Group's operations have made significant efforts to provide safe working and living environments for our employees as well as the wider communities in which they operate.

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2023

STRATEGIC REPORT

The Strategic report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Business review

The Company is required to set out in this report a fair review of the business of the Group during the year ended 31 December 2022 and a description of the principal risks and uncertainties facing the Group. A fair review of the business of the Group is incorporated within the Chairman's statement and operational report on pages 5 to 15. The Chairman's statement and operational report, together with information contained within the Report of the Directors, highlights the key factors affecting the Group's development, performance and the financial performance of the Group (see pages 5 to 15 of the Chairman's statement and operational report). Other matters are dealt with below.

Group strategy

The Board has adopted the following strategy for the Group:

- To generate long-term value for our shareholders and our stakeholders which include our employees, customers, suppliers and the communities in which we operate
- To develop a worldwide group of businesses that requires management to take a long-term view
- To focus on the sustainable production of its core crops whilst continuously assessing opportunities to diversify the Agriculture division by both crop and origin
- Investing in the environment and sustainability of the communities in which we do business
- Setting the principles which the operating companies need to achieve through their policies and procedures to ensure that the quality and safety of their products and services meet the highest international standards
- The continuous refinement and improvement of the Group's existing businesses using our internal expertise and financial strength

The progress against this strategy during the year is set out in further detail in the Chairman's statement and operational report, the Environmental and social report, and within the Report of the Directors.

Business model

The Group is engaged in Agriculture, Other investments and Associates.

Camellia operates a decentralised business model which empowers the management teams in its subsidiaries to run their businesses with the scope and accountability to identify and implement initiatives that create value for the Group. Our devolved approach enables decisions to be made by those closest to the issues and the stakeholders that may be affected, thereby fostering resilience and flexibility in planning and enabling timely responses to impacts and opportunities.

Regular reports are made to the Board on performance against the annual budget and each operation is expected to perform against an agreed strategy with goals and targets for the short, medium and long-term.

Agriculture

To focus on our tea, macadamia and avocado crops, where we have scale and geographic diversity. To maintain and selectively expand our portfolio of crops and products in order to retain the diversity of location and crop which has historically proven so valuable in spreading the Group's political and commodity price risk. Where appropriate opportunities arise, to add to our production capability in bearer plant agriculture, as well as to make aligned acquisitions and investments to enable us to capture more of the value chain.

All our agriculture operations have regard to the potential threats arising from politics and the impact of climate change, particularly in water stressed areas, and will adapt their portfolio of operations accordingly.

Other investments and Associates

AJT Engineering. To keep our presence in the energy sector under review, in line with our strategy of expansion in areas of expertise, while divesting in non-core businesses.

Investment portfolio. To have a portfolio, principally of listed investments, the strategy for which remains to invest in high quality companies where we believe that there is long-term value. This portfolio also enables us to balance our geographic risk exposure.

Investment property. Parts of the portfolio may be sold to accelerate the Group's investment in agriculture.

Collections. Parts of the art, philately and manuscripts collections may be realised to facilitate the increased focus on our core agricultural business.

Associates. The Group has three associate companies in the financial services sector of which BF&M, the listed Bermudian insurance business is the most significant. With all our Associates, we continually monitor our investment and may increase or decrease our holding in the future.

Principal risks and uncertainties

The Group is exposed to a variety of possible risks and uncertainties that could impact the Group's operations and future performance. The Group regularly monitors these risks at operational and Group level.

Our decentralised operating model enables Group company management teams to identify, evaluate and manage risks that are relevant to their geographic location and markets. The Strategy group considers risks identified to it by the Group companies, and where appropriate raises them to the Board and/or the Audit committee. Information on the Group's financial risks is disclosed in note 43 of the Accounts.

The Board has carried out an assessment of the material risks and uncertainties relating to the Group's principal operations, with key mitigations and assessment of change in risk year-on-year. These are set out in the table below.

⬆ increased risk

⟷ unchanged risk

⬇ decreased risk

Agriculture

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Climate change	↑	Current agricultural patterns and practices become unsustainable. Land values and local communities are impacted. Flooding/drought/frost affecting crop yields.	Geographical spread of operations to lessen the impact of extreme weather on the Group as a whole. Investment in irrigation, water storage and drought resistant crop varieties. Investment in sustainable water solutions, soil management, energy saving initiatives and renewable energy sources.

Agriculture (continued)

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Price volatility	↔	The effect of climate change on crop volumes and/or a prolonged depression in the world tea, macadamia or avocado markets, either individually or in combinations, would have a material impact on Group profitability.	Use of forward contracts, product and crop diversification and building long-term strategic relationships with key customers. Production of value-added products to access and supply markets to address particular customer demands whilst having a much greater control over pricing.
Currency fluctuation	↔	Profit volatility arising from sales in US Dollars and Euros where there is no natural hedge against the cost of production in local currency.	Monitoring of foreign exchange rates and cash management.
Cost of production	↑	Increased wage costs, cost of inputs and other costs of production resulting in lower profitability.	Introduction of more efficient and productive working practices and the increased use of mechanisation and automation. Reduction of energy consumption and/or increased use of renewable energy.
Long-term political issues over land ownership	↑	Potentially losing access to farms and estates or paying more for existing property (for example if freeholds become leaseholds).	Monitoring changes to local land legislation with the assistance of lawyers and local trade associations. Maintaining collaborative relationships with governments at local and national levels.
Civil unrest, political instability and war	↔	Periodic interruptions to the operation of the businesses at a local level. Supply chain disruption, lack of availability of key inputs. Reduced demand for products.	Increasing security for our workers and operations during times of civil unrest. Maintain market supply options and carrying buffer stocks. Maintaining diverse customer base.

Agriculture (continued)

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Corruption	↔	Inability to carry on business in a manner which is legal and ethical.	Strict adherence to anti-bribery legislation and the implementation of the Group Principal Polices. Training of staff.
Health and safety	↔	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.
Human rights (current and historic)	↔	Adverse impact on financial results from legal and reputational costs. Media and political pressure impacting operations or customers preparedness to buy products.	Continuing to implement human rights strategies to protect, respect and remedy. Understanding the salient human rights risks (via audits and assessments). Implementing measures to mitigate and prevent such risks from crystalising. Providing on-going training and raising awareness across the Group and communities. Strengthening governance protocols, by way of policies and increased reporting. Providing appropriate mechanisms to bring forward any allegations and redress (such as whistleblowing and operational-level grievance mechanisms).

Engineering

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Key customer dependence	↔	Losing a major customer.	Seeking to diversify the customer base and careful customer relationship management.
Dependence on the oil and gas sector	↔	Changes in market conditions leading to lower demand for services.	Diversification into other sectors. Close monitoring of the oil and gas sector.
Health and safety	↔	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.

Investments and Associates

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Market	↔	Decline in the value of investments and property.	Portfolio diversification, careful stock selection, the regular monitoring of individual company stock performance and a diversified property portfolio.
Adverse weather events in the Caribbean	↑	Risk of substantial claims materially reducing profits.	Maintaining strong capital base and use of underwriting and reinsurance to reduce risk.

Group

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Prolonged impact of a pandemic	↓	Interruption to production and/or disruption of supply to customers. Volatile equity markets impacting the pension schemes' deficits with a resultant increase in the funding requirement. Increased risk of bank failure, and foreign exchange volatility resulting in increased costs. Risk of imposition of currency controls leading to the inability to remit funds from overseas operations.	Contingency plans. Ongoing monitoring of banking partners and country credit ratings.
UK and overseas pensions Increases in inflation and/or reductions in long-term government bond yields Lower than expected asset return Changes in local laws restricting the investment choices for the schemes' assets	↔	Increase in the pension schemes' deficits with a resultant increase in the funding required from the Group.	Regular monitoring of the funding position of the pension schemes and their investment performance. Improvement to the investment strategy and hedging key exposures when appropriate.
Environmental	↔	Contamination of local and wider environment due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation, training employees to adopt safe working practices and lessen the impact on the environment. Proactively seek to reduce our impact on the environment.

Group (continued)

Risk	*Assessment of change in risk year-on-year*	*Potential Impact*	*Mitigation*
Uncertainties in the interpretation of complex tax legislation, or arising from changes in tax legislation Risk that the Group's judgements are challenged by tax authorities	↔	Future adjustments to taxable income and/or expense deductions previously recorded or increases to the cash tax costs incurred by the Group in future.	Tax exposures are considered individually, and judgements made with support from experienced tax professionals and external advisors.
Legal and regulation uncertainties in relation to the application of English or other law or changes in case law	↑	Group legal risk in relation to the activities of overseas operations (including potential litigation in the UK) and incurring costs in relation to the same.	Monitoring the interpretation of law and taking appropriate advice and monitoring and auditing compliance with new developments.
Potential cyber- threats such as computer viruses IT malfunctions or external cyber-attacks	↔	Loss or theft of data. Interruption to services for customers and the business.	Developing our technology systems. Investing in developing the IT skills and capabilities of our people. Actively monitoring and mitigating any cyber-threats and suspicious IT activity. Disaster recovery plans for business critical systems.

Group principal policies (GPPs)

There are a range of issues that are important to the Group and to all of our operations, whatever sector they operate in. These are set out in the GPPs which are periodically cascaded across the Group. Each operation is required to prescribe its own local policies based upon the GPPs. On an annual basis, each significant operation confirms to Group its adherence with the GPPs. Ultimately, our individual operations have experts who are best placed to identify how each policy can be implemented and applied which in turn enables them to operate responsibly and ethically over the long-term.

Notwithstanding the fact that overall responsibility for the implementation and enforcement of the GPPs rests with the management of each operating company, certain GPPs (such as the Anti-Bribery and Corruption GPP, the Modern Slavery GPP and the Tax GPP) include provisions which are directly effective. This is the case where observance of these provisions is required in order for Camellia Plc to comply with its own legal and regulatory obligations.

The GPPs can therefore be grouped into the following four categories:

- High-level GPPs
- Compliance GPPs
- Modern Slavery GPP
- Tax Principles

The High-level GPPs comprise the Certification and Traceability GPP, the Health and Safety GPP, the Environment GPP, Employee Welfare GPP and Human Rights GPP. The Compliance GPPs comprise the Anti-Bribery and Corruption GPP and the Whistleblowing GPP. A summary of each principal policy is set out below and they are set out in full on our website.

High-level GPPs

Certification and traceability

As part of our end to end supply chain, our operations are required to meet the requirements of our customers and suppliers in terms of certifications and traceability. The vast majority of our tea gardens are Rainforest Alliance certified and all our macadamia, avocado and winery processing facilities are FSSC 22000 certified. Across the Group, many operations have also obtained ISO14001, ISO9001 and ISO45001 and many other appropriate accreditations, such as Red Tractor for our Bardsley England operation.

Health and safety

We take responsibility for our people by promoting good health and providing a safe and healthy workplace to protect all employees, contractors, visitors and the public from foreseeable work hazards. All operations are required to comply with local health and safety legislation, regulations and to obtain certifications from external authorities.

Environmental

We are mindful of the environment in which we operate, recognising that our operations require natural resources and that our operations generate emissions and waste. We understand and comply with current applicable legislation in the jurisdictions in which we operate. Our operations are each required to commit to policies which reduce their environmental footprint and which include (where appropriate), carbon, recycling, waste and water.

Employee welfare

Our employees are at the heart of what we do, and their safety and welfare is paramount, as described in Environmental and social report. Operations are required to have policies and procedures in place which cover equality, health, personal development, training, diversity, and (where appropriate) education, housing and sanitation.

We consciously and continuously work towards encouraging equality in management positions across our operations. The Group complies with local regulations to encourage employees with disabilities to work in our operations and where necessary, makes appropriate adjustments to working practices.

Human rights

Camellia Plc and its operating companies believe that businesses flourish where human rights are protected and respected, with remedy available. The Group is committed to protecting and respecting the dignity, well being and human rights of the Group's employees, the communities in which the Group operates and those with whom we have relationships or who may be impacted by the Group's operations.

The Group is committed to upholding internationally recognised human rights in line with the principles and guidance contained in the UN Guiding Principles on Business and Human Rights, including those set out in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Where national law and international human rights standards differ, we follow the higher standard; where they are in conflict, we adhere to national law, while seeking ways to respect international human rights to the greatest extent possible.

Compliance GPPs

Anti-Bribery and corruption

The Company has adopted an anti-bribery policy which complies primarily with the requirements of the UK Bribery Act 2010 although the Board also requires compliance with the laws of all countries in which the Group operates.

All Group employees, officers and executives, and all those acting for or on the Group's behalf are strictly prohibited from offering, paying, soliciting or accepting bribes or kickbacks, including facilitation payments.

Compliance with the anti-bribery policy is monitored by the individual operations and incidents are reported to the anti-bribery officer for such operation.

In addition, the Board has adopted an anti-facilitation of tax evasion policy which complies with the requirements of the UK Criminal Finances Act 2017. The policy has been introduced across the Group and its compliance is monitored at Group and by individual operations.

Whistleblowing

Our whistleblowing policy provides guidelines for people who feel they need to raise certain issues in confidence. It is designed to protect those raising a genuine concern, in line with the Public Interest Disclosure Act 1998 or other jurisdictional legislation. Each operation is required to have a designated local whistleblowing officer. Employees have access to the whistleblowing officer for the individual operation, as well as the Group whistleblowing officer or the chair of the Audit committee.

Modern slavery GPP

The Group continues to comply with the requirements of the Modern Slavery Act 2015, to ensure that modern slavery and human trafficking are not taking place either within the Group or in the supply chains of our operations. A copy of the statement for the year ended 31 December 2022 is available on the Company's website. In some countries, it is both the cultural norm and permissible for parents to involve their children in the production process. We do not subscribe to this approach and the use of child labour is prohibited across the Group. All Group operations are required to confirm this statement and adopt local policies and procedures to ensure continued compliance. This includes setting out codes of conduct when working alongside customers and suppliers.

Tax principles

The Group's tax principles include: compliance with applicable tax laws; payment of the correct tax amounts; interpretation of tax law; undertaking tax planning based on commercial rationale; and transparency with tax authorities.

Key financial performance indicators

The nature of the Group's principal activities is such that the Board takes a long-term view of its operations, particularly Agriculture.

The Board reviews monthly reports with a range of financial and other indicators to monitor the performance of each division depending on the nature of its operations.

For the Agriculture division, the Board receives monthly profit and operating performance information, data on sales prices and volumes, costs of production and crop volumes against budget and on a per unit basis. Rainfall and other climate data are also considered.

For the Engineering division, the Board receives monthly profit and operating performance information.

For Investments, the value and performance of the share portfolio is reviewed quarterly.

For Associates, the Board receives revenue and profitability information when those companies release information to their respective shareholders.

Certain of the key financial performance indicators are included in the Chairman's statement and operational report on pages 5 to 15.

Non-financial performance indicators

Operations have developed non-financial KPIs that are relevant to it, these are regularly monitored and include:

- Market trends – including tea auction volumes, demand for each product by country where available, supply data and market prices
- Health and Safety – including days lost to injury, number of accidents and fatalities, whistleblowing incidents and updates to legislation
- Grievances – including employee, welfare and social issues
- Industrial disputes – including days lost to strike action and other significant employee issues
- Land and politics – including elections, material new regulation or case law
- Changes in key personnel – including promotions, resignations and retirements of senior management
- Weather and climate – including rainfall, temperatures and long-term meteorological trends

The Board, or the Strategy group (as appropriate), considers such KPIs by exception where local operations notify that significant material issues have emerged.

Section 172 statement

This section 172 statement should be read in conjunction with the Environmental and social report, this Strategic report, the Corporate Governance report and the Statement of Directors' Responsibilities.

In performing their duty under section 172(1) (a) to (f) of the Companies Act 2006, Directors have acted in a way that they have considered, in good faith, to promote the success of the Group as a whole, whilst carefully considering the interests of shareholders and other stakeholders which have an impact on the long-term success and sustainability of the Group, including suppliers, customers, employees, the communities in which the Group operates, and the impact on the environment.

Long-term

The Board is undertaking a series of measures aimed at re-balancing the Group's portfolio of investments in order to take better advantage of its strengths, and thereby to improve profitability. This includes investment in social and environmental initiatives, in particular, to mitigate the impact of climate change. This also includes accelerating agricultural diversification and divesting of certain assets which we consider to be non-core, details of which are covered elsewhere in this report. Key risks, potential impact and mitigations are included in the "Principal Risks and Uncertainties" section below.

Stakeholders

The Board recognises the value of stakeholder relationships and the key role that these play in the Group's sustainability and success over the longer term. Good progress continues to be made across the Group in initiatives to protect and promote human rights and a peaceful, long-term and mutually beneficial relationship between the activities of businesses within the Group and the communities affected by them. Many environmental and social projects are initiated by staff in our subsidiaries each year, which we highlight on our website and various social media platforms. Further information can be found in the Environmental and social report.

Views of stakeholders are provided to the Board through the information from management reporting, committees and meetings and operational visits. The Board conducts regular reviews of how to continue to engage effectively with stakeholders and there is ongoing dialogue between members of the Board and stakeholders.

Employees

In order to track progress made, and in line with our culture of seeking ongoing feedback, another annual employee engagement survey, Your Voice, was undertaken during 2022. The survey gathered anonymous and open feedback from employees to inform local management decisions as well as to provide Board insights. All employees in the UK were invited to respond and the results of the survey are continuing to be used to plan key initiatives and track progress.

Employees are kept informed on matters affecting them and the performance of the Group by their local management as well as through internal publications, the Camellia Plc website, social media and operational visits. Kenyan and Indian operations have social media platforms which support employee engagement and Kakuzi uses YouTube videos to communicate news and information about staff and their roles within the business.

As set out in the Group's Employee Welfare Policy, operating companies are expected to give due consideration to employment applications received from disabled persons and give employees who become disabled every opportunity to continue their employment.

The table below provides a breakdown of the gender of the Directors and employees on 31 December 2022.

	Men	Women
Company Directors	5	2
All employees	50,965	55,793

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2023

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated accounts for the year ended 31 December 2022.

Principal activities

The Company is a public company limited by shares, which is quoted on the AIM Market of the London Stock Exchange and incorporated and domiciled in England and Wales. The principal activity of Camellia Plc is a holding company and the principal activities of its subsidiary undertakings comprise:

- Agriculture
- Other Investments and Associates

Fostering business relationships is of paramount importance to the Directors, as set out in the s172 Statement in the Strategic report. Further details of the Group's activities are included in the Strategic report and the Chairman's statement and operational report.

Results and dividends

The loss after tax for the year amounted to £8.3 million (2021: Profit after tax £4.5 million). The Board is proposing a final dividend for the year 2022 of 102p per share payable on 26 July 2023 to holders of the ordinary shares registered at the close of business on 16 June 2023. Therefore, the total dividend payable for 2022 is 146p per share (2021: 146p per share). Details are shown in note 12 to the Accounts.

Directors

The Directors are listed on page 4. The following Directors had beneficial interests in the shares of the Company.

Camellia Plc ordinary shares of 10p each:	31 December 2022	1 January 2022
Malcolm Perkins	1,673	1,673
Susan Walker	220	220

Under the Company's articles of association all the Directors are required to retire annually. Accordingly, Malcolm Perkins, Susan Walker, Graham Mclean, Frédéric Vuilleumier, Simon Turner, Rachel English and Stephen Buckland will retire and, being eligible, will seek re-election at the forthcoming Annual General Meeting (AGM).

None of the Directors or their families had a material interest in any contract of significance with the Company or any subsidiary during, or at the end of, the financial year.

Executive directors

Malcolm Perkins was appointed a Director in 1999 and Chairman in 2001, having joined Eastern Produce (Holdings) Limited, now Linton Park Plc, in 1972. He is a chartered accountant and chairman of the Nomination committee.

Graham Mclean, a qualified agriculturalist, was appointed as Director of Agriculture in October 2014. He was previously regional director of the Group's operations in Africa and has worked for the Group for more than 25 years. He is a non-executive director of Kakuzi Plc.

Susan Walker was appointed Chief Financial Officer for the Group on 4 June 2015. She joined Camellia as Finance Director Designate on 1 July 2014. She is a chartered certified accountant and a non-executive director of Goodricke Group Limited and of United Finance Limited.

Non-executive directors

Stephen Buckland was appointed as a non-executive Director in November 2021. He previously held positions within the Camellia Group's agricultural and banking businesses. He holds an executive position within The Camellia Foundation, a UK charity whose primary donor of the same name is the ultimate majority shareholder of Camellia Plc. He is a member of the Audit committee.

Rachel English was appointed as an independent non-executive Director in May 2022. She is a chartered accountant and has extensive international and general management experience, having founded and served on the board of several significant businesses, including as chair of Acacia, a FTSE 250 company, and previously served on the audit committee of the UK Department for International Development. She has substantial experience and interest in ESG matters. She became the chair of the Audit and Remuneration committees and joined the Nomination committee on 8 June 2022.

Simon Turner was appointed as a non-executive Director in March 2020. After an earlier career in the legal profession, he is now president of the board of the trustee of The Camellia Foundation. He is a member of the Remuneration and Nomination committees.

Frédéric Vuilleumier was appointed as an independent non-executive Director in March 2013. He is a partner of Oberson Abels SA, a law office based in Geneva, Switzerland. He became a member the Audit, Remuneration and Nomination committees on 8 June 2022.

Company Secretary

Amarpal Takk was appointed as Group General Counsel and Company Secretary in April 2018. He is a qualified solicitor of England and Wales.

Substantial shareholdings

As at 6 April 2023 the Company has been advised of the following interests in its share capital:

Shareholder	*No. of Shares*	*% of total voting rights*
Camellia Holding AG	1,427,000	51.67
Nokia Bell Pensioenfonds OFP	361,500	13.09
Quaero Capital SA	143,148	5.18

Share capital and purchase of own shares

The Company's share capital comprises one class of ordinary shares of 10p per share which carry no restrictions on the transfer of shares or on voting rights (other than as set out in the Company's articles of association). There are no agreements known to the Company between shareholders in the Company which may result in restrictions on the transfer of shares or on voting rights in relation to the Company. Details of the issued share capital are contained in note 37 to the Accounts.

At the AGM in 2022, shareholders gave authority for the Company to purchase up to 276,200 of its own shares. This authority expires at the conclusion of this year's AGM at which a resolution proposing renewal of the authority will be submitted to shareholders.

Auditors

A resolution proposing the reappointment of Deloitte LLP will be put to the AGM.

Each of the persons who were Directors at the time when this Directors' report was approved has confirmed that:

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.

- Each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Energy and carbon disclosure

In compliance with the SECR requirements, our greenhouse gas emissions, energy consumption and energy reduction initiatives are reported within the Environment and Social report on pages 16 to 20.

Employees and stakeholders

The Directors have had regard to the need to foster the Company's business relationships with employees, suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. Details in relation to employees and stakeholders are set out in the section 172 Statement on pages 30 to 31.

Research and development

The Group invests in research and development projects within its operations in order to improve efficiency and grow revenues. In Kenya, Malawi and India technical departments in conjunction with specialised departmental teams are focused on numerous projects to improve operational efficiencies (both field and factory), pest and disease identification and control, improving energy efficiency and utilisation and the implementation of new technologies to enhance automation.

We continue to collaborate with various organisations, for example, the Cambridge Environmental Sustainability Strategy committee, the Carbon Trust, and the Gatsby Foundation on various areas of future business strategy. In Kenya we are running a commercial blueberry trial to evaluate the viability of different varieties. In Brazil, research and development is ongoing into water saving irrigation systems, and satellite imaging for soil, nutrient and crop profiling help to identify climate impact and plant nutrient requirements. These initiatives will help to inform decisions on the implementation of precision farming technologies.

Future development

Details of future developments are set out in the Chairman's statement and operational report and in the Strategic report.

Going concern

The Directors, at the time of approving the financial statements, considered the Group's business activities together with the main trends and factors likely to affect the Group, and the most recent business performance of the Group as described in the Chairman's statement and operational report on pages 5 to 15.

They also considered the potential impact of the current operating environment and the Ukraine conflict on the business for the next 15 months.

The Directors have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our experience of trading through the pandemic and the Ukraine conflict, we expect our Agriculture businesses will continue to operate broadly as set out in the Chairman's statement and operational report. We have assumed that the leisure and food services markets continue to recover gradually over the course of the next year.

At 31 December 2022, the Group had cash and cash equivalents net of borrowings of £45.6 million. In addition, the Group had undrawn short-term loan and overdraft facilities of £22.4 million and a portfolio of liquid investments with a fair market value of £35.6 million. In early January 2023, £16.6 million in cash was received from the sale of ACS&T.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea, and reduced sales volumes for macadamia during 2023. The revenue and operational impact of such volume reductions across our operations would have a substantially negative impact on Group profitability. We have also considered the risk of price reductions during 2023 for our tea, macadamia and avocado crops.

Historically in the Tea operations, restrictions on, or reductions in, the supply of tea either regionally or globally have led to higher selling prices. However, for prudence for the purposes of our downside scenario planning we have not reflected increased selling prices for tea nor any significant mitigating reductions to our operating cost base in our tea operations. We have assumed that in certain scenarios aspects of our investment programme would be curtailed.

Under both the base case and the downside scenario, the Group is expected to continue to have sufficient headroom relative to the funding available to it.

The Directors believe that the Company and the Group are well placed to manage their financing and other business risks satisfactorily and, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore continue to adopt the going concern basis in preparing the financial statements.

Financial risk management

Information on the Group's financial risk management objectives and policies and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 43 of the Accounts.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance report on pages 36 to 40.

Political donations

The Company has no political affiliations and does not make political donations. Its operations work with governments and other parties around the world on issues that are important to our customers, stakeholders, communities and to the interests of the business.

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2023

CORPORATE GOVERNANCE

Statement of compliance

The Company is committed to complying with the Quoted Companies Alliance's (QCA) Corporate Governance Code for Small and Mid-size Quoted Companies (QCA Code). The Chairman considers the application of standards of corporate governance that are appropriate for the Group's nature, status, profile, size and circumstances to be important in ensuring the Group is managed for the long-term benefit of all stakeholders. The table on our website sets out how we comply with the ten principles of the QCA Code.

The Group consists of a portfolio of businesses which are grouped into independently managed divisions. These divisions report into the Board by function against a variety of metrics including budgets and business plans.

The Board

The Board currently comprises seven Directors, four of whom are non-executive Directors as set out on page 4. The remaining Directors are executive Directors, including the Chairman. The names and brief biographical details of each Director appear on pages 32 and 33.

The Board has established Remuneration, Audit and Nomination committees. Terms of reference of each of the committees can be viewed on the Company's website.

The Board is responsible for managing the Group's business and has adopted a schedule of matters reserved for its approval. The schedule is reviewed periodically and covers, inter alia, the following areas:

- Strategy
- Acquisitions and disposals
- Financial reporting and control
- Internal controls
- Approval of expenditure above specified limits
- Approval of transactions and contracts above specified limits
- Responsibilities for corporate governance
- Board membership and Board committees
- Approval of changes to capital structure

A full copy of the schedule is available on the Company's website.

A report summarising the Group's financial and operational performance is provided to Directors each month. Each Director has sufficient information in advance of Board meetings to enable informed judgements to be made on matters referred to the Board.

Board diversity

The Group has an Employee Welfare GPP which Group companies are expected to subscribe to (see page 28). In addition, the Company has a Dignity at Work and Equal Opportunities policy. The Board of Directors is responsible for the effective operation of this policy and for ensuring compliance with discrimination law.

The key principle of our Dignity at Work and Equal Opportunities policy is that there should be equal opportunities for employees to reach their potential and we achieve this by empowering people to excel in their careers regardless of race, gender, ethnicity, cognitive or personal strengths, sexual orientation or socio-economic background. Our objective is that all staff are respected, valued and included.

The above objectives apply equally to the Board and to its Nomination, Audit and Remuneration committees, as well as the Group as a whole. Such diversity and inclusion objectives for senior appointments are achieved through the engagement of specialist external executive recruitment firms. The most recent example was in respect of the appointment of Rachel English, as a non-executive Director.

Attendance by Directors at Board and committee meetings held during the year was as follows:

Director	*Board**	*Audit*/***	*Remuneration*/**/****	*Nomination*/***
Malcolm Perkins	9/9	–	–	2/2
Tom Franks	4/4			
Graham Mclean	9/9	–	–	–
Susan Walker	9/9	–	–	–
Stephen Buckland	9/9	3/3	–	–
Gautam Dalal	4/4	1/1	–	–
Rachel English	6/6	2/2	2/2	1/1
William Gibson	3/4	1/1	1/1	1/1
Simon Turner	9/9	–	3/3	2/2
Frédéric Vuilleumier	9/9	2/2	2/2	1/1

* Tom Franks, William Gibson and Gautam Dalal's attendance reflects the period up to 30 June 2022 and Rachel English's attendance reflects the period from 6 May 2022.

** Frédéric Vuilleumier's attendance reflects the period from 8 June 2022.

*** Where a meeting was not quorate, decisions were raised to and approved by the Board.

Board evaluation

The Board has agreed to undertake a performance evaluation by way of internal review every three years. The last evaluation was conducted in 2021. Details of the next review will be disclosed when the next review is completed at the end of 2024.

Executive committees

The Board has established the Strategy group, consisting of the Chairman, the executive Directors of the Board and the Group General Counsel. The Board has also established an Agriculture Executive Committee which is chaired by the Director of Agriculture and includes the Chairman (as interim Chief Executive), Chief Financial Officer, the Group General Counsel and heads of all the key agricultural operations.

Investments and Associates report directly to the Chairman.

Nomination committee

The committee is chaired by Malcolm Perkins. Its other members are Rachel English, Frederic Vuilleumier and Simon Turner.

The principal responsibilities of the committee are set out below:

- Review the balance and composition (including gender and diversity) of the Board, ensuring that they remain appropriate
- Be responsible for overseeing the Board's succession planning requirements including the identification and assessment of potential Board candidates and making recommendations to the Board for its approval
- Keep under review the leadership needs of, and succession planning for, the Group in relation to both its executive and non-executive Directors and other senior executives

Audit committee

The committee is chaired by Rachel English (Gautam Dalal chaired the committee up to 8 June 2022). The other members of the committee during the year were Stephen Buckland and Frederic Vuilleumier.

The principal responsibilities of the committee are set out below and were undertaken during the year:

- Monitor the effectiveness of the Group's risk management practices
- Review the effectiveness of the Group's internal control system. The committee reviews the effectiveness of internal audit activities carried out by the Group's accounting function and senior management
- Review and monitor the financial statements of the Company and the audit of those statements and monitor compliance with relevant financial reporting requirements and legislation
- Monitor the effectiveness and independence of the external auditors
- Review non-audit services provided by the external auditors

The Audit committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements.

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Audit Committee. During the year it formally reviewed the Group's interim and annual reports. These reviews considered:

- The description of performance in the Annual report to ensure it was fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy
- The accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them, and the adequacy of their disclosure
- Important accounting issues or areas of complexity, the actions, estimates and judgements of management in relation to financial reporting and in particular the assumptions underlying the going concern statement
- Any significant adjustments to financial reporting arising from the audit
- Tax contingencies and compliance with statutory tax obligations

A key responsibility of the Audit committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with support from Deloitte LLP (Deloitte) as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management has made appropriate estimates and judgements. Set out below are the significant areas of accounting judgement or management estimation and a description of how the Committee concluded that such judgements and estimates were appropriate.

Pensions

The valuation of the pension schemes obligations is conducted by independent actuaries and due to the size of the obligation a relatively minor change to the assumptions made could result in a material change in the quantum of the obligation. The committee considered the competence of the actuaries and the key assumptions adopted and concluded that the work performed is sufficient to support the valuation.

Carrying value of intangible assets

The Group's carrying values of the Jing Tea and Tea City brands and of the goodwill relating to the two Assam estates purchased in 2019 were discussed in light of the trading of those businesses. In particular consideration was given to likely future yield profile of the Assam estates and the range of future revenue growth rates for Jing.

The carrying value of the goodwill relating to Bardsley England which arose on the acquisition of that group of companies was discussed in context of the current inflationary environment's impact on margins and the expected continuing challenging market conditions as well as the expected reduction in scale of the business. In light of the significantly lower expectations for the profitability of the business in the foreseeable future, the committee agreed that an impairment of £3.6 million had occurred.

The committee considered the fair value of the Group's holdings and whether any impairment in the carrying value had occurred and agreed that apart from the impairment of assets related to Bardsley England, no other impairment provisions were required in respect of intangible assets.

Carrying value of tangible assets

The committee considered the fair value of the Group's investment property portfolio, the carrying value of plant and equipment at the engineering subsidiaries, and the carrying value of certain of the Indian and Bangladeshi estates in the context of recent trading and third party valuations and agreed that no impairment had occurred during the year. The carrying value of the underlying property, plant and equipment assets used in Bardsley England business was also considered in light of the expectation of a period of continuing losses for that business in the current trading environment and the committee agreed that an impairment of £6.4 million had occurred.

Carrying value of BF&M

The Group's carrying value of BF&M was higher than the share price for BF&M at 31 December 2022. The committee considered the fair value of the Group's holding and whether any impairment in the carrying value had occurred and in view of the expected control premium associated with our holding concluded that no impairment is required.

Provisions

The bases of provisions for material uncertain tax situations were considered by the committee as were the provisions for wage increases in Bangladesh, Kenya and India. The committee is satisfied that the provisions represent best estimates of the likely liabilities. Consideration was given to the accounting implications of the VAT assessment received in Malawi in 2021 and management's judgement that it should continue to be disclosed as a contingent liability.

The committee considered the implications of the VAT assessment received in the UK which indicated a liability of £1.2 million. In light of external advice it is being appealed and the committee concluded that the provision held was reasonable.

External auditor

To assess the effectiveness of the external audit process, the external auditor is required to report to the Audit committee and confirm their independence in accordance with ethical standards and that they had maintained appropriate internal safeguards to ensure their independence and objectivity. In addition to the steps taken by the Board to safeguard the auditor's objectivity, Deloitte operates a five-year rotation policy for audit partners for a listed entity.

The committee reviewed those non-audit services provided by the external auditor and satisfied itself that the scale and nature of those services were such that the external auditors objectivity and independence were safeguarded.

Remuneration committee

The committee is chaired by Rachel English (William Gibson was chair up to 8 June 2022) and the other members are Simon Turner and Frederic Vuilleumier.

The responsibilities of the committee include:

- The review of the Group's policy relating to remuneration of the Chairman, executive Directors and the Company Secretary

- To determine the terms of employment and remuneration of the Chairman, executive Directors and Company Secretary with a view to ensuring that those individuals are fairly and responsibly rewarded
- To approve compensation packages or arrangements following the severance of any executive Director's service contract

The Remuneration report appears on pages 41 to 42.

Sustainability and Safeguarding committee

The Board has expanded the remit of the previously established Safeguarding and Stewardship committee to include not only the promotion of human rights across the Group, but to further enhance the Group's environmental and sustainability practices. Consequently, the committee has been reconstituted to the Sustainability and Safeguarding committee and reports to the Board. The committee is chaired by Rachel English. Other members are the Chairman (in his capacity as Interim CEO), the Director of Agriculture, the Group General Counsel and the Head of Strategy. The committee advises the Board on strategy in these areas and monitors and reports on progress against the agreed strategy.

Insurance

The Company purchases insurance to cover its Directors and officers, and those of its subsidiaries in respect of legal actions against them in their capacity as Directors of the Company. All Directors have access to independent professional advice at the Company's expense.

Share capital structure

The share capital of the Company is set out in note 37.

Internal control and risk management systems

The Directors acknowledge that they are responsible for maintaining a sound system of internal control. During the year, the Audit committee, on behalf of the Board, reviewed the effectiveness of the framework of the Group's system of internal control, the principal features of which are described below.

The key management philosophy of the Company is that the responsibility for efficient day to day operations remains with the local management at the operational level. Accountability and delegation of authority are clearly defined with regular communication between Group head office and the management of the individual operations. Our key operations have internal audit functions reporting to local audit committees. The performance of each operation is continually monitored centrally including a critical review of annual budgets, forecasts and monthly sales, profits and cash reports. Financial results and key operational statistics and variances from approved plans are carefully monitored. Group senior management regularly visit operations. However, any system of internal control can provide only reasonable, and not absolute, assurance against material mis-statement or loss.

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2023

REMUNERATION REPORT

This report is drawn up in accordance with the Companies Act 2006 and the AIM Rules for Companies.

Remuneration committee

Details of the Remuneration committee are set out on pages 39 and 40.

Policy on Directors' remuneration

The policy agreed by the committee is as follows:

- To seek to provide remuneration packages that will attract, retain and motivate the right people for the roles
- So far as is practicable to align the interests of the executives with those of shareholders
- To reflect the overriding remuneration philosophy and the principles of the wider Group

In implementing the second point, the Company does not operate profit related bonus, share option or share incentive schemes for Directors as the Group's activities are based largely on agriculture, which is highly dependent on factors outside management control such as the weather and market prices.

The policy is designed to ensure that the Directors manage the Group's businesses for the long-term in line with the strategy of the Group.

In determining this remuneration policy and the remuneration of Directors, consideration has been given to the relevant provisions of the QCA Guidelines.

The remuneration policy was approved by shareholders at the 2020 AGM and applies for a period of three years. The remuneration policy shall be reconsidered for shareholder approval at the AGM in 2023. The committee considers any views expressed by shareholders on Directors' remuneration.

At the AGM on 30 June 2022, the Remuneration Report for the year to 31 December 2021 was approved by shareholders with 99.81% of the votes cast in favour, 0.19% of the votes cast against and 641 votes withheld.

Service contracts

Malcolm Perkins, Graham Mclean and Susan Walker are each employed on rolling service contracts.

Director	*Date of Service Contract*
Malcolm Perkins	25 April 2002
Graham Mclean	10 April 2015
Susan Walker	14 April 2015

The service contracts are terminable at any time by a one year period of notice from the Company or the Director. Following their initial appointment non-executive Directors may seek re-election by shareholders at each subsequent Annual General Meeting. Non-executive Directors do not have service agreements. The Company has in place appropriate director's and officers' liability insurance cover in respect of legal action against its executive and non-executive Directors, amongst others.

There are no specific contractual provisions for compensation upon early termination of a non-executive Director's employment.

The following sections on Directors' remuneration and pensions have been audited.

Directors' remuneration

	Remuneration		Benefits in Kind		Loss of Office		Total	
	2022	*2021*	2022	*2021*	2022	*2021*	2022	*2021*
	£	*£*	£	*£*	£	*£*	£	*£*
Executive								
Malcolm Perkins	414,785	*200,560*	19,210	*11,525*	–	–	433,995	*212,085*
Tom Franks	318,146	*611,820*	17,580	*38,269*	661,443	–	997,169	*650,089*
Susan Walker	408,288	*373,890*	28,908	*28,010*	–	–	437,196	*401,900*
Graham Mclean	439,219	*402,215*	29,881	*29,792*	–	–	469,100	*432,007*
Non-executive								
Stephen Buckland (from 1 November 2021)	49,276	*7,897*	–	–	–	–	49,276	*7,897*
Rachel English (from 6 May 2022)	49,494	–	1,955	–	–	–	51,449	–
Simon Turner	49,276	*47,380*	–	–	–	–	49,276	*47,380*
Frédéric Vuilleumier	53,560	*51,500*	–	–	–	–	53,560	*51,500*
Gautam Dalal (up to 30 June 2022)	27,238	*49,047*	–	–	–	–	27,238	*49,047*
William Gibson (up to 30 June 2022)	27,805	*53,470*	–	–	–	–	27,805	*53,470*
Jonathon Bond (up to 3 June 2021)	–	*21,573*	–	–	–	–	–	*21,573*
Chris Relleen (up to 31 August 2021)	–	*36,393*	–	–	–	–	–	*36,393*
Total	1,837,087	*1,855,745*	97,534	*107,596*	661,443	–	2,596,064	*1,963,341*

Notes

(i) The executive Directors' benefits in kind include the value attributed to medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars

(ii) Rachel English received an additional fee for her role as chair of the Audit committee, the Remuneration committee and the Sustainability and Safeguarding committee (from 6 May)

(iii) William Gibson received an additional fee for his chairmanship of the Remuneration committee and the Sustainability and Safeguarding committee (up to 30 June 2022)

(iv) Tom Franks resigned from the board on 30 June 2022 and received a payment of £661,443 for loss of office. This included a payment in lieu of notice equivalent to 12 months of base salary and benefits in kind

Directors' pensions

Malcolm Perkins received no payment for pensionable service during 2022. Tom Franks, Graham Mclean and Susan Walker received an excess non-pensionable salary supplement equivalent to 10% of base salary.

Approved by the Board.

Amarpal Takk
Company Secretary

3 May 2023

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts 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 are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The Directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under Company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that Directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

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

The Directors are responsible for the maintenance and integrity of the 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.

Responsibility statement

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRSs, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy

This responsibility statement was approved by the Board of Directors on 3 May 2023.

Malcolm Perkins
Chairman

3 May 2023

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2022

	Notes	2022 £'m	*2021* *£'m*
Continuing operations			
Revenue	2	297.2	*255.3*
Cost of sales		(226.7)	*(197.8)*
Gross profit		70.5	*57.5*
Other operating income		4.4	*2.5*
Distribution costs		(23.0)	*(14.5)*
Administrative expenses	3	(45.8)	*(44.7)*
Trading profit	1,3	6.1	*0.8*
Share of associates' results	5	(3.1)	*7.2*
Profit on disposal of assets classified as held for sale	6	1.8	*–*
Impairments of intangible assets, investment properties and property, plant and equipment	7	(10.1)	*(0.5)*
Loss on disposal of subsidiaries		–	*(0.1)*
Profit on disposal of financial assets		0.3	*0.2*
Operating (loss)/profit		(5.0)	*7.6*
Investment income		0.4	*0.5*
Finance income	8	2.0	*2.2*
Finance costs	8	(2.2)	*(2.8)*
Net exchange gain	8	1.5	*0.4*
Employee benefit expense	8	(0.4)	*(0.8)*
Net finance income/(costs)	8	0.9	*(1.0)*
(Loss)/profit before tax		(3.7)	*7.1*
Taxation	9	(12.2)	*(2.6)*
(Loss)/profit for the year from continuing operations		(15.9)	*4.5*
Discontinued operations			
Profit for the year from discontinued operations	10	7.6	*–*
(Loss)/profit after tax		(8.3)	*4.5*
(Loss)/profit attributable to:			
Owners of Camellia Plc		(13.0)	*2.3*
Non-controlling interests		4.7	*2.2*
		(8.3)	*4.5*
(Loss)/earnings per share - basic and diluted			
From continuing operations	13	(745.8) p	*83.3 p*
From continuing and discontinued operations	13	(470.7) p	*83.3 p*

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

	Notes	2022 £'m	*2021 £'m*
Group			
(Loss)/profit for the year		(8.3)	*4.5*
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income:			
Fair value adjustment for the financial assets disposed		0.1	*1.0*
Corporation tax arising on financial asset disposals before utilisation of losses		(0.2)	*(2.2)*
Unwind of deferred tax on financial assets		0.2	*2.2*
Changes in the fair value of financial assets	23	(2.6)	*0.8*
Remeasurements of post employment benefit obligations	36	(12.8)	*20.4*
Deferred tax movement in relation to post employment benefit obligations	35	3.6	*(3.9)*
Corporation tax movement in relation to post employment benefit obligations		(0.4)	*–*
		(12.1)	*18.3*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		9.6	*(4.0)*
Share of other comprehensive income of associates		0.1	*0.2*
		9.7	*(3.8)*
Other comprehensive (expense)/income for the year, net of tax		(2.4)	*14.5*
Total comprehensive (expense)/income for the year		(10.7)	*19.0*
Total comprehensive (expense)/income attributable to:			
Owners of Camellia Plc		(16.1)	*18.4*
Non-controlling interests		5.4	*0.6*
		(10.7)	*19.0*
Company			
(Loss)/profit for the year	11	(1.6)	*6.5*
Total comprehensive (expense)/income for the year		(1.6)	*6.5*

CONSOLIDATED BALANCE SHEET

at 31 December 2022

	Notes	2022 £'m	*2021 £'m*
ASSETS			
Non-current assets			
Intangible assets	16	6.3	*10.1*
Property, plant and equipment	17	184.5	*202.1*
Right-of-use assets	18	26.1	*28.8*
Investment properties	19	25.4	*23.1*
Biological assets	20	14.1	*13.4*
Investments in associates	22	73.3	*72.6*
Equity investments at fair value through other comprehensive income	23	25.7	*27.7*
Money market investments at fair value through profit or loss	24	7.3	*7.2*
Debt investments at amortised cost	25	1.3	*1.3*
Other investments - heritage assets	26	8.8	*8.7*
Retirement benefit surplus	36	0.8	*14.8*
Trade and other receivables	28	3.1	*2.7*
Total non-current assets		376.7	*412.5*
Current assets			
Inventories	27	60.4	*51.7*
Biological assets	20	10.8	*7.8*
Trade and other receivables	28	67.6	*48.5*
Money market investments at fair value through profit or loss	24	1.3	*2.7*
Debt investments at amortised cost	25	–	*1.3*
Current income tax assets		1.1	*0.6*
Cash and cash equivalents (excluding bank overdrafts)	29	49.3	*61.8*
		190.5	*174.4*
Assets classified as held for sale	30	4.6	*6.6*
Total current assets		195.1	*181.0*
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	32	(5.1)	*(3.3)*
Lease liabilities	33	(2.3)	*(3.2)*
Trade and other payables	31	(59.8)	*(59.2)*
Current income tax liabilities		(4.4)	*(3.0)*
Employee benefit obligations	36	(1.1)	*(1.1)*
Provisions	34	(10.8)	*(11.8)*
		(83.5)	*(81.6)*
Liabilities related to assets classified as held for sale	30	(2.0)	*(2.0)*
Total current liabilities		(85.5)	*(83.6)*
Net current assets		109.6	*97.4*
Total assets less current liabilities		486.3	*509.9*
Non-current liabilities			
Financial liabilities - borrowings	32	(4.4)	*(4.5)*
Lease liabilities	33	(19.1)	*(21.5)*
Deferred tax liabilities	35	(37.0)	*(38.0)*
Employee benefit obligations	36	(8.1)	*(8.6)*
Total non-current liabilities		(68.6)	*(72.6)*
Net assets		417.7	*437.3*
EQUITY			
Called up share capital	37	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		353.3	*373.0*
Equity attributable to owners of Camellia Plc		368.9	*388.6*
Non-controlling interests		48.8	*48.7*
Total equity		417.7	*437.3*

COMPANY BALANCE SHEET

at 31 December 2022

	Notes	2022 £'m	*2021* *£'m*
ASSETS			
Non-current assets			
Investments in subsidiaries	21	73.5	*73.5*
Other investments - heritage assets	26	8.9	*8.8*
Total non-current assets		82.4	*82.3*
Current assets			
Trade and other receivables	28	0.2	*0.2*
Current income tax asset		0.1	*0.1*
Amounts due from group undertakings		2.1	*1.9*
Cash and cash equivalents	29	0.1	*0.7*
		2.5	*2.9*
Assets classified as held for sale	30	0.5	*2.1*
Total current assets		3.0	*5.0*
LIABILITIES			
Current liabilities			
Trade and other payables	31	(1.0)	*(0.9)*
Amounts due to group undertakings		(20.3)	*(16.6)*
Total current liabilities		(21.3)	*(17.5)*
Net current liabilities		(18.3)	*(12.5)*
Total assets less current liabilities		64.1	*69.8*
Non-current liabilities			
Deferred tax liabilities	35	(0.2)	*(0.2)*
Total non-current liabilities		(0.2)	*(0.2)*
Net assets		63.9	*69.6*
EQUITY			
Called up share capital	37	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		48.3	*54.0*
Total equity		63.9	*69.6*

The (loss)/profit for the Company is shown in note 11.

The notes on pages 51 to 123 form part of the financial statements.

The financial statements on pages 44 to 123 were approved on 3 May 2023 by the board of Directors and signed on their behalf by:

M C Perkins
Chairman

Registered Number 00029559

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2022

	Notes	2022 £'m	*2021 £'m*
Cash generated from operations			
Cash flows from operating activities	38	2.6	*1.2*
Interest received		2.0	*2.1*
Interest paid		(2.2)	*(2.8)*
Income taxes paid		(8.3)	*(13.0)*
Net cash flow from operating activities		(5.9)	*(12.5)*
Cash flows from investing activities			
Purchase of property, plant and equipment		(14.4)	*(9.9)*
Proceeds from sale of non-current assets		0.9	*0.7*
Proceeds from sale of assets held for sale		4.5	*–*
Proceeds from sale of heritage assets		–	*0.1*
Purchase of heritage assets		(0.1)	*–*
Additions to investment property		(2.5)	*(0.9)*
Biological assets: non-current - disposals		0.8	*0.5*
Cash leaving the Group on disposal of subsidiary	40	(1.6)	*–*
Payment for acquisition of a businesses/subsidiary net of cash acquired	40	–	*(3.7)*
Purchase of non-controlling interest	40	–	*(5.9)*
Dividends received from associates		3.2	*3.0*
Purchase of investments		(2.9)	*(8.9)*
Proceeds from sale of investments		8.5	*21.3*
Income from investments		0.4	*0.5*
Net cash flow from investing activities		(3.2)	*(3.2)*
Cash flows from financing activities			
Equity dividends paid		(4.0)	*(5.2)*
Dividends paid to non-controlling interests		(5.3)	*(1.9)*
New loans	39	1.4	*3.8*
Loans repaid	39	(1.6)	*(13.1)*
Payments of lease liabilities		(2.6)	*(1.7)*
Net cash flow from financing activities		(12.1)	*(18.1)*
Net decrease in cash and cash equivalents from continuing operations		(21.2)	*(33.8)*
Net cash inflow/(outflow) from discontinued operation	10	3.8	*(0.6)*
Cash and cash equivalents at beginning of year	29	59.9	*94.9*
Exchange gains/(losses) on cash		3.1	*(0.6)*
Cash and cash equivalents at end of year	29	45.6	*59.9*

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2022

	Notes	2022 £'m	*2021 £'m*
Cash generated from operations			
(Loss)/profit before tax		(1.6)	*6.5*
Adjustments for:			
Interest income		(0.3)	*(0.3)*
Profit on disposal of assets held for sale		(0.4)	*–*
Dividends from group companies		–	*(8.0)*
Increase in trade and other receivables		0.2	*0.4*
Increase in trade and other payables		0.1	*0.1*
Movement in provisions		–	*(1.9)*
Net movement in intra-group balances		3.5	*0.8*
Cash generated from/(used in) operations		1.5	*(2.4)*
Interest received		0.3	*0.3*
Net cash flow from operating activities		1.8	*(2.1)*
Cash flows from investing activities			
Purchase of other investments - heritage assets		(0.1)	*–*
Proceeds from sale of other investments - heritage assets		–	*0.1*
Proceeds from sale of assets held for sale		1.8	*–*
Dividends received		–	*8.0*
Net cash flow from investing activities		1.7	*8.1*
Cash flows from financing activities			
Equity dividends paid		(4.1)	*(5.3)*
Net cash flow from financing activities		(4.1)	*(5.3)*
Net movement in cash and cash equivalents		(0.6)	*0.7*
Cash and cash equivalents at beginning of year	29	0.7	*–*
Cash and cash equivalents at end of year	29	0.1	*0.7*

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

Group	Notes	Share capital £'m	Share premium £'m	Treasury shares £'m	Retained earnings £'m	Other reserves £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
At 1 January 2021		0.3	15.3	(0.4)	356.4	5.0	376.6	49.4	426.0
Profit for the year		–	–	–	2.3	–	2.3	2.2	4.5
Other comprehensive income/(expense) for the year		–	–	–	13.8	2.3	16.1	(1.6)	14.5
Transfer of realised gains on disposal of financial assets		–	–	–	11.0	(11.0)	–	–	–
Dividends	12	–	–	–	(5.2)	–	(5.2)	(1.9)	(7.1)
Companies joining the Group	40	–	–	–	–	–	–	5.2	5.2
Adjustment arising from change in non-controlling interest	40	–	–	–	(1.4)	–	(1.4)	1.4	–
Purchase of non-controlling interests	40	–	–	–	0.2	–	0.2	(6.0)	(5.8)
At 31 December 2021		0.3	15.3	(0.4)	377.1	(3.7)	388.6	48.7	437.3
Loss for the year		–	–	–	(13.0)	–	(13.0)	4.7	(8.3)
Other comprehensive (expense)/income for the year		–	–	–	(10.0)	6.9	(3.1)	0.7	(2.4)
Transfer of realised gains on disposal of financial assets		–	–	–	1.1	(1.1)	–	–	–
Dividends	12	–	–	–	(4.0)	–	(4.0)	(5.3)	(9.3)
Share of associate's other equity movements		–	–	–	0.4	–	0.4	–	0.4
At 31 December 2022		0.3	15.3	(0.4)	351.6	2.1	368.9	48.8	417.7
Company									
At 1 January 2021		0.3	15.3	–	40.7	12.1	68.4	–	68.4
Total comprehensive income for the year		–	–	–	6.5	–	6.5	–	6.5
Dividends		–	–	–	(5.3)	–	(5.3)	–	(5.3)
At 31 December 2021		0.3	15.3	–	41.9	12.1	69.6	–	69.6
Total comprehensive expense for the year		–	–	–	(1.6)	–	(1.6)	–	(1.6)
Dividends	12	–	–	–	(4.1)	–	(4.1)	–	(4.1)
At 31 December 2022		0.3	15.3	–	36.2	12.1	63.9	–	63.9

In relation to the reserves of the Company, £36.2 million (2021: £41.9 million) is distributable. Other reserves of the Company include capital redemption and revaluation reserves.

Other reserves of the Group include fair value reserves and net exchange differences of £44.1 million deficit (2021: £53.5 million deficit).

Group retained earnings includes £155.4 million (2021: £162.1 million) which would require exchange control permission for remittance as dividends.

ACCOUNTING POLICIES

Camellia Plc (the Company) is a public Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered office can be found on page 4 and its principal activity is included in the Directors report.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with United Kingdom adopted International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Standards Board (IASB).

The consolidated financial statements have been prepared on the historical cost basis as modified by the revaluation of biological assets, financial assets and financial liabilities and assets held for sale.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. Any difference that arises from the acquisition of additional shares of an already consolidated subsidiary is taken directly to equity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the effective date of acquisition or disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All Intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of that entity.

Investments in associates are accounted for by the equity method of accounting. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in reserves.

Foreign currency translation

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences on non-monetary items carried at fair value are reported as part of the fair value gain or loss. Gains and losses arising on retranslation are included in the income statement, except for exchange differences arising on non-monetary items where the changes in fair value are recognised directly in equity.

The consolidated financial statements are presented in sterling which is the Company's functional and presentation currency. On consolidation, income statements and cash flows of foreign entities are translated into pounds sterling at average exchange rates for the year and their balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign entity is sold such exchange differences arising since 1 January 2004 are recognised in the Income Statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling on the date of acquisition. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions prior to 1 January 2004, the date of the Group's transition from UK GAAP to IFRS, as sterling denominated assets and liabilities.

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 and after eliminating intra-group sales.

Revenue from the sale of goods is recognised when the following five core principles of the model framework have been delivered:

- The identification of contract(s) with customers
- The identification of the performance obligations in the contract
- The determination of the transaction price
- The allocation of the transaction price to the performance obligations in the contract
- The recognition of revenue when (or as) a performance obligation has been satisfied

In respect of agricultural produce, revenue is recognised when the performance obligations have been satisfied, which is once control of the produce has transferred from the Group to the buyer. Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue related to the sale of produce is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer’s premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset.

In respect of warehousing and distribution services, revenue for handling is recognised at the point that the goods are actually handled.

In respect of engineering services, revenue is recognised at either the point in time that the customer has accepted return of the asset or control of the asset has been re-established and there is a present obligation to pay for services rendered or revenue is recognised based upon the stage of completion and includes costs incurred to date, plus accrued profits.

In respect of rental income, revenue is recognised on a straight-line basis over the lease term. Contingent rent, being lease payments that are based on the future amount of a factor that changes other than with the passage of time, is recognised when it is received or receivable.

Investment income

Investment income is recognised when the right to receive payment of a dividend is established.

Segmental reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports used to assess performance and allocate resources by the chief operating decision maker. The chief operating decision maker has been identified as the Strategy Group led by the CEO. Inter segment sales are not significant.

Exceptional items

Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

Government grants

Government grants are recognised when there is reasonable assurance that the conditions associated with the grants have been complied with and the grants will be received.

Government grants are recognised in the Income Statement within other operating income so as to match with the related costs that they are intended to compensate for. Grants for the purchase or production of property, plant and equipment are deducted from the cost of the related assets and reduce future depreciation expense accordingly.

Intangible assets

(i) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(ii) Identifiable intangible assets

Indefinite life identifiable intangible assets include certain brands acquired. They are not amortised but tested for impairment annually or more frequently if an impairment indicator is triggered, any impairment is charged to the income statement as it arises. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Finite life identifiable intangible assets include certain brands, customer relationships and other intangible assets acquired on the acquisition of subsidiaries. Acquired intangible assets with finite lives are initially recognised at cost and amortised on a straight-line basis over their estimated useful lives, not exceeding 20 years. Intangible assets' estimated lives are re-evaluated annually and an impairment test is carried out if certain indicators of impairment exist.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

(iii) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software licences are held at cost and are amortised on a straight-line basis over 3 to 7 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and which are expected to generate economic benefits exceeding costs beyond one year, are recognised as an intangible asset and amortised over their estimated useful lives.

Property, plant and equipment

Property, plant and equipment includes biological assets (bearer plants) which are accounted for under IAS 16.

Land and buildings comprises mainly factories and offices. All property, plant and equipment is shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of these assets.

On transition to IFRS, the Group followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost. On the application of the amendments to IAS 41 Agriculture and IAS 16 Property, plant and equipment the Directors elected to state the Group's bearer plants at deemed cost being the fair value recognised as at 1 January 2015 less the fair value at that date of the growing produce which is disclosed in current assets under biological assets. Additions after that date are recognised at historical cost.

Subsequent costs are included in the assets' 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.

No depreciation is provided on freehold land and on assets in the course of construction. Depreciation of other property, plant and equipment is calculated to write off their cost less residual value over their expected useful lives on a straight-line basis.

The rates of depreciation used for the other assets are as follows:-

Biological assets (Bearer plants)	20 to 50 years
Freehold and long leasehold buildings	nil to 50 years
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	3 to 25 years

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

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss.

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 Income Statement.

Right-of-use assets

The Group recognises right-of-use assets for land and buildings and plant and machinery at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated over the shorter of its estimated useful life and lease term.

Investment properties

Properties held to earn rental income rather than for the purpose of the Group’s principal activities are classified as Investment properties. Investment properties are recorded at cost less accumulated depreciation and any recognised impairment loss. The depreciation policy is consistent with those described for other Group properties.

Income from Investment properties is disclosed in ‘Revenue’. The related operating costs are immaterial and are included within administrative expenses.

Biological assets: non-current

Biological assets are measured at each balance sheet date at fair value and are generally valued at each year end by independent professional valuers. Any changes in fair value are recognised in the Income Statement in the year in which they arise. Costs of new areas planted are included as “new planting additions” in the biological assets note. As timber is harvested the value accumulated to the date of harvest is treated as “decrease due to harvesting” and charged to cost of sales in the Income Statement.

Biological assets: current

Produce is valued on the basis of net present values of expected future cash flows and includes certain assumptions about future yields, selling prices, costs and discount rates. As the crop is harvested it is transferred to inventory at fair value.

Financial assets

Classification of financial assets

(i) Equity instruments designated as at fair value through other comprehensive income (FVTOCI)

On initial recognition, the Group made an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI.

Investments in equity instruments designated as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included as investment income in the consolidated income statement.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured FVTOCI or at amortised cost (see (i) above and (iii) below) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship.

(iii) Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost and of allocating interest income over the relevant period. Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (note 8).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating
- Significant deterioration in external market indicators of credit risk for a particular financial instrument
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations
- An actual or expected significant deterioration in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying any significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that different default criterion is more appropriate.

(iii) Credit impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event (see (ii) above);

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) A disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in reserves, and does not reduce the carrying amount of the financial asset in the balance sheet.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Other investments – heritage assets

Other investments comprise fine art, documents, manuscripts and philately which are measured at cost as fair value cannot be reliably measured.

Investments in subsidiary companies

Investments in subsidiary companies are included at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Impairment of non-financial assets

The Group has significant investments in intangible assets, property, plant and equipment, investment properties, biological assets, associated companies, financial assets and other investments. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually. Factors considered which could trigger an impairment review include a significant fall in market values, significant underperformance relative to historical or projected future operating results, a major change in market conditions or negative cash flows.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

Inventories

Agricultural produce included within inventory largely comprises stock of 'black' tea. In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs.

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.

Cash and cash equivalents

Cash and cash equivalents include 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.

Discontinued operations and assets classified as held for sale

A discontinued operation is a separate major line of business or geographic area of operation that has either been disposed of, abandoned or is part of a plan to dispose of a major line of business or geographic area. An operation is classified as a discontinued operation in the year that the above criteria are met. In the consolidated Income Statement, profit/loss from discontinued operations is reported separately from the results from continuing operations. Prior periods Income Statement and cash flow are presented on a comparable basis.

Assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 Income Statement 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.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below £0.01 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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 income statement 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 Group 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 substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

(i) Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to insurance companies or trustee-administered funds. The Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate fund. The Group has no legal or constructive obligations to pay further contributions to the fund. Contributions are recognised as an expense in the Income Statement when they are due.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The pension cost for defined benefit schemes is assessed in accordance with the advice of qualified independent actuaries using the "projected unit" funding method.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Independent actuaries calculate the obligation annually using the "projected unit" funding method. Actuarial gains and losses arising from experience adjustments and changes in actuarial adjustments are recognised in full in the period in which they occur, they are not recognised in the Income Statement and are presented in the Statement of Comprehensive Income.

Past service costs are recognised directly in the Income Statement.

(ii) Other post-employment benefit obligations

Some Group companies have unfunded obligations to pay terminal gratuities to employees. Provisions are made for the estimated liability for gratuities as a result of services rendered by employees up to the balance sheet date and any movement in the provision is recognised in the Income Statement.

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Critical accounting judgements and key sources of estimation uncertainty

In the view of the Directors, the following accounting judgements and estimations have been made in the process of applying the Group's accounting policies which have a significant effect on the amounts recognised in financial statements.

Critical judgements in applying the Group's accounting policies

The following are critical judgements not being judgements involving estimations (which are dealt with below) that the Directors have made in the process of applying the Group's accounting policies.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Key sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting will, by definition, seldom equal the actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Estimation of useful lives of bearer plants

Estimates and assumptions made to determine bearer plants carrying values and related depreciation are significant to the Group's financial position and performance. The annual depreciation charge is determined after estimating an asset's expected useful life and its residual value at the end of its life. The useful lives and residual values of the Group's bearer plants are determined by management at the time of acquisition or planting and reviewed annually for appropriateness. The Group derives useful economic lives based on experience of similar assets, including use of third party experts at the time of acquisition of assets. Climate change will also impact useful lives. In the short-term, increases in the volatility of weather patterns have the potential to increase plant deaths. Long-term these factors could reduce useful lives by suppressing yields and/or increasing the cost of taking mitigating actions. Emerging governmental policies relating to climate change are also considered when reviewing the appropriateness of useful economic lives. A decrease in the average useful life for all our bearer plants in aggregate by 10% or 20% would result in additional depreciation of £0.5 million or £1.0 million respectively.

(ii) Impairment of assets

The assessment of the recoverable amount for each group of CGUs is subject to a number of assumptions.

Management performs periodic reviews of goodwill and other intangible and tangible assets for indications of impairment. The Group estimates the value in use of the cash-generating units to which the goodwill, intangible and tangible assets with indefinite/finite useful life are allocated. Estimating the value in use requires the Group, with the help of independent professional valuers where applicable, to make an estimate of the expected future cash flows from the cash-generating units and also to choose suitable discount rates in order to calculate the present value of those cash flows. Impairment tests are sensitive to forecasted EBITDA, growth rates and discount rates and changes in these assumptions may result in changes in recoverable values. In determining appropriate assumptions consideration is given to the impact of weather patterns on future yields and operating costs. The carrying amount of the Group's goodwill and indefinite/finite life intangible assets at the balance sheet date is disclosed in note 16.

(iii) Biological assets

Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the Directors have made certain assumptions about expected life-span of the plantings, yields, selling prices, costs and discount rates. Details of assumptions made and sensitivity analysis are given in note 20.

(iv) Retirement benefit obligations

Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the Income Statement. These figures are particularly sensitive to assumptions for discount rates, life expectancy and inflation rates. Details of assumptions made and sensitivity analysis are given in note 36.

(v) Taxation and other liabilities

Income tax liabilities include a number of provisions including in respect of open tax years based on management's interpretation of country specific tax law and the likelihood of settlement. This can involve a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's profits for the year. The Group records reasoned estimates of uncertain tax positions where it is assessed on the balance of probabilities that an adjustment is likely. It is not practicable to quantify the range of outcomes with the application of sensitivity analyses. Tax provision movements are disclosed in note 9. Significant unprovided contingent tax liabilities are disclosed in note 42.

(vi) Provisions and other liabilities

Provisions include a number of provisions in respect of ongoing wage and bonus negotiations which are based on management's judgement of the expected outcome of these negotiations. Where actual wage and bonus awards differ from the provisions, adjustments are made which can have a material impact on the Group's profits for the year. Provision movements are disclosed in note 34.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The Group has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

The Group has adopted the amendments to IAS 16 for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Annual Improvements to IFRS Standards 2018–2020

The Group has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Accounting Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases
The amendment removes the illustration of the reimbursement of leasehold improvements.

IAS 41 Agriculture
The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

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

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Classification of Liabilities as Current or Non-current Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except if indicated below.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1, published in January 2020, affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendment replaces all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- a change in accounting estimate that results from new information or new developments is not the correction of an error; and
- the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also added an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - right-of-use assets and lease liabilities
  - decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset;
- the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

1 Business and geographical segments

The principal activities of the Group are as follows:

Agriculture
Engineering

For management reporting purposes these activities form the basis on which the Group reports its primary divisions. Geographic operations in the Agriculture segment have been aggregated as they are either producing primary crops or processing those crops to completed products.

In addition, the Group holds a number of investments.

Segment information about these businesses is presented below:

	Agriculture		Engineering		Unallocated		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021
Continuing operations	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Revenue								
External sales	283.0	238.9	13.2	15.3	1.0	1.1	297.2	255.3
Adjusted trading profit/(loss)	15.5	13.0	(0.8)	(2.3)	(8.6)	(8.8)	6.1	1.9
Separately disclosed items (note 4)	–	0.1	–	–	–	(1.2)	–	(1.1)
Trading profit/(loss)	15.5	13.1	(0.8)	(2.3)	(8.6)	(10.0)	6.1	0.8
Share of associates' results	–	–	–	–	(3.1)	7.2	(3.1)	7.2
Profit on disposal of assets classified as held for sale	–	–	–	–	1.8	–	1.8	–
Impairment of intangible assets, investment properties and plant and equipment	(10.0)	–	–	(0.5)	(0.1)	–	(10.1)	(0.5)
Loss on disposal of subsidiaries	–	–	–	(0.1)	–	–	–	(0.1)
Profit on disposal of financial assets	0.3	0.2	–	–	–	–	0.3	0.2
Operating (loss)/profit	5.8	13.3	(0.8)	(2.9)	(10.0)	(2.8)	(5.0)	7.6
Comprising								
– adjusted operating profit/(loss) before tax	15.8	13.2	(0.8)	(2.3)	(11.7)	(1.6)	3.3	9.3
– profit on disposal of assets classified as held for sale	–	–	–	–	1.8	–	1.8	–
– impairment of intangible assets and property, plant and equipment	(10.0)	–	–	(0.5)	(0.1)	–	(10.1)	(0.5)
– loss on disposal of subsidiaries		–		(0.1)	–	–	–	(0.1)
– release of provisions for wage increases	–	0.6	–	–	–		–	0.6
– acquisition deal costs	–	–	–	–	–	(1.2)	–	(1.2)
– restructuring costs	–	(0.5)	–	–	–	–	–	(0.5)
	5.8	13.3	(0.8)	(2.9)	(10.0)	(2.8)	(5.0)	7.6
Investment income							0.4	0.5
Net finance income/(costs)							0.9	(1.0)
(Loss)/profit before tax							(3.7)	7.1
Taxation							(12.2)	(2.6)
(Loss)/profit for the year from continuing operations							(15.9)	4.5
Profit for the year from discontinued operations							7.6	-
(Loss)/profit after tax							(8.3)	4.5
Other information								
Segment assets	373.9	386.3	10.8	10.6			384.7	396.9
Investments in associates							73.3	72.6
Unallocated assets							113.8	106.0
Discontinued operations							–	18.0
Consolidated total assets							571.8	593.5
Segment liabilities	(82.7)	(77.8)	(7.4)	(8.0)			(90.1)	(85.8)
Unallocated liabilities							(64.0)	(64.8)
Discontinued operations							–	(5.6)
Consolidated total liabilities							(154.1)	(156.2)

1 Business and geographical segments *(continued)*

		Agriculture 2022 £'m	Agriculture 2021 £'m	Engineering 2022 £'m	Engineering 2021 £'m	Unallocated 2022 £'m	Unallocated 2021 £'m	Consolidated 2022 £'m	Consolidated 2021 £'m
Capital expenditure	Continuing	14.1	9.4	0.3	0.3	2.5	1.0	16.9	10.7
	Total							17.3	11.6
Depreciation	Continuing	(13.8)	(11.9)	(0.5)	(1.0)	(0.1)	(0.1)	(14.4)	(13.0)
	Total							(16.1)	(14.9)
Amortisation	Continuing	(0.1)	–	–	–	–	–	(0.1)	–
	Total							(0.1)	(0.1)
Impairments	Continuing	(10.0)	–	–	(0.5)	(0.1)	–	(10.1)	(0.5)
	Total								(0.5)

Segment assets consist primarily of intangible assets, property, plant and equipment, investment properties, biological assets, prepaid operating leases, inventories, trade and other receivables and cash and cash equivalents. Receivables for tax have been excluded. Investments in associates, valued using the equity method, have been shown separately in the segment information. Segment liabilities are primarily those relating to the operating activities and generally exclude liabilities for taxes, short-term loans, finance leases and non-current liabilities.

Geographical segments

The Group operations are based in eight main geographical areas. The United Kingdom is the home country of the parent. The principal geographical areas in which the Group operates are as follows:

United Kingdom
Bangladesh
India
Kenya
Malawi
South Africa
Tanzania
South America

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

	At a point in time 2022 £'m	At a point in time 2021 £'m	Over time 2022 £'m	Over time 2021 £'m	Total 2022 £'m	Total 2021 £'m
United Kingdom	54.1	30.2	0.9	1.0	55.0	31.2
Continental Europe	29.9	20.2	–	–	29.9	20.2
Bangladesh	24.2	24.0	–	–	24.2	24.0
India	97.5	97.9	–	–	97.5	97.9
Kenya	38.0	32.2	–	–	38.0	32.2
Malawi	6.9	13.1	0.1	0.1	7.0	13.2
South Africa	2.0	1.5	–	–	2.0	1.5
North America	8.4	7.0	–	–	8.4	7.0
South America	13.4	8.5	–	–	13.4	8.5
Other	21.8	19.6	–	–	21.8	19.6
	296.2	254.2	1.0	1.1	297.2	255.3

1 Business and geographical segments *(continued)*

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and investment properties, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment		Additions to investment properties	
	2022	2021	2022	2021	2022	2021
	£'m	£'m	£'m	£'m	£'m	£'m
United Kingdom	55.9	71.7	1.6	0.6	2.5	0.9
Bangladesh	50.9	63.4	2.4	1.9	–	–
India	101.1	97.2	2.8	2.2	–	–
Kenya	96.4	89.5	3.8	2.7	–	–
Malawi	45.3	46.5	0.6	0.1	–	–
South Africa	15.9	14.6	1.4	1.1	–	–
Tanzania	4.1	2.8	1.1	0.9	–	–
North America	–	0.1	–	–	–	–
South America	15.1	11.1	0.7	0.3	–	–
Continuing	384.7	396.9	14.4	9.8	2.5	0.9
Discontinued – United Kingdom	–	18.0	0.4	0.9	–	–
	384.7	414.9	14.8	10.7	2.5	0.9

2 Revenue

An analysis of the Group's revenue is as follows:

	2022	2021
	£'m	*£'m*
Sale of goods	283.0	238.9
Engineering services revenue	13.2	15.3
Property rental revenue	1.0	1.1
Total Group revenue	297.2	255.3
Other operating income	4.4	2.6
Investment income	0.4	0.5
Interest income	2.0	2.2
Total Group income	304.0	260.6

Disaggregation of revenue from contracts with customers:

	At a point in time		Over time	
	2022	*2021*	2022	*2021*
	£'m	£'m	£'m	£'m
Sale of goods	283.0	238.9	–	–
Engineering services revenue	13.2	15.3	–	–
Property rental revenue	–	–	1.0	1.1
Total Group revenue	296.2	254.2	1.0	1.1

3 Trading profit

	2022 £'m	2021 *£'m*
The following items have been included in arriving at trading profit:		
Employment costs (note 14)	118.1	108.7
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	181.8	163.7
Cost of inventories provision recognised as an expense (included in cost of sales)	2.7	0.2
Fair value gain included in Made Tea inventory	–	0.2
Depreciation of property, plant and equipment:		
Owned assets	13.4	13.3
Right-of-use assets	2.7	1.6
Amortisation of intangibles (included in administrative expenses)	0.1	0.1
Gain from change in fair value of non-current biological assets	1.5	1.5
Profit on disposal of property, plant and equipment	0.1	–
Repairs and maintenance expenditure on property, plant and equipment	9.9	7.9
Government grant income (included in other operating income)	–	0.4

During the year the Group benefited from £nil (2021: £0.4 million) of government grants in the form of the UK Coronavirus Job Retention Scheme. In accordance with our accounting policy this credit is included in other operating income within the Income Statement over the same period as the staff costs for which it compensates.

	2022	2021
Currency exchange (gains)/losses (credited)/charged to income include:		
Revenue	(0.4)	–
Cost of sales	0.3	–
Distribution costs	(0.2)	–
Administrative expenses	–	0.2
Other operating income	(0.1)	–
Finance income and costs	(1.5)	(0.4)
	(1.9)	(0.2)

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2022	2021
Audit services:		
Statutory audit:		
Parent company and consolidated financial statements	0.5	0.3
Subsidiary companies	0.9	0.8
	1.4	1.1
Tax compliance services	–	–
	1.4	1.1

4 Adjusted (loss)/profit

The Group's income statement and segmental analysis separately identify a number of Alternative Performance Measures (APMs) in addition to those reported under IFRS. The Directors believe that the presentation of the results in this way, which is not meant to be a substitute for or superior to IFRS measures, is relevant to an understanding of the Group's underlying trends, financial performance and position. These APMs are also used to enhance the comparability of information between reporting periods and the Group's divisions, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the underlying performance. Our KPIs are aligned to our strategy. Consequently, APMs are consistent with how the business performance is planned and reported internally to the Board and Operating Committees to aid their decision making.

The following items have been excluded from the adjusted (loss)/profit measure and have been separately disclosed:

- During the year, assets previously classified as held for sale including a London property and a number of the Group's heritage assets and other items of art have been sold, realising a profit of £1.8 million
- Impairment charges of £10.0 million in relation to the goodwill and property, plant and equipment relating to Bardsley England which arose from lower than expected profitability of the operation due to the effects of inflation arising from the Ukraine war
- An impairment charge of £0.1 million in relation to one of the Group's investment properties

In 2021, the following items were excluded from the adjusted profit measure and have been separately disclosed:

- Restructuring costs at Bardsley England of £0.5 million
- Costs of acquisition of Bardsley England of £1.2 million
- A gain resulting from wage provision releases following wage agreements reached in the year of £0.6 million
- Impairment charges in relation to the property, plant and equipment relating to Abbey Metal Finishings and a related loss on sale of that business as reported in our interim results, totalling £0.6 million

5 Share of associates' results

The Group's share of the results of associates is analysed below:

	2022 £'m	*2021* *£'m*
(Loss)/profit before tax	(2.7)	7.6
Taxation	(0.4)	(0.4)
(Loss)/profit after tax	(3.1)	7.2

6 Profit on disposal of assets classified as held for sale

During the year, assets previously classified as held for sale including a London property and a number of the Group's heritage assets and other items of art have been sold, realising a profit of £1.8 million. Proceeds in relation to these disposals amounted to £4.5 million.

7 Impairments of intangible assets, investment properties and property, plant and equipment

Impairment charges relating to Bardsley England of £10.0 million were recognised. Of this £3.6 million relates to goodwill bringing the carrying value to £nil and £6.4 million relates to property, plant and equipment. These have arisen due to the expected continuing impact of the downturn in the profitability of that business due to the effects of inflation arising from the Ukraine war as further discussed on page 12.

In addition, an impairment charge of £0.1 million was incurred in relation to one of the Group's investment properties.

In 2021, £0.5 million of impairment charges were recognised in relation to the property, plant and equipment of Abbey Metal Finishing and its German subsidiary Atfin. These companies were subsequently sold in the second half of 2021.

8 Finance income and costs

	2022 £'m	2021 *£'m*
Interest payable on loans and bank overdrafts	(1.3)	(1.1)
Interest payable on leases	(0.8)	(0.6)
Other interest payable	(0.1)	(1.1)
Finance costs	(2.2)	(2.8)
Finance income - interest income on short-term bank deposits	2.0	2.2
Net exchange gain on foreign cash balances	1.5	0.4
Employee benefit expense (note 36)	(0.4)	(0.8)
Net finance income/(costs)	0.9	(1.0)

9 Taxation

Analysis of charge in the year	2022		*2021*
	£'m	£'m	*£'m*
Current tax			
UK corporation tax			
UK corporation tax at 19.00 per cent. (2021: 19.00 per cent.)	–		0.2
Double tax relief	–		(0.2)
Use of losses to shelter capital gain on disposal of financial assets	(0.2)		(2.2)
Adjustment in respect of prior years	–		(0.2)
		(0.2)	(2.4)
Foreign tax			
Corporation tax	9.1		6.3
Adjustment in respect of prior years	–		0.9
		9.1	7.2
Total current tax		8.9	4.8
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	3.7		(1.5)
Overseas	(0.4)		(0.7)
		3.3	(2.2)
Tax on (loss)/profit from ordinary activities		12.2	2.6
Factors affecting tax charge for the year			
(Loss)/profit on ordinary activities before tax		(3.7)	7.1
Share of associated undertakings loss/(profit)		3.1	(7.2)
Group (loss)/profit on ordinary activities before tax		(0.6)	(0.1)
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19.00 per cent. (2021: 19.00 per cent.)		(0.1)	–
Effects of:			
Adjustment to tax in respect of prior years		(0.7)	0.7
Expenses not deductible for tax purposes		0.3	1.1
Impairments not deductible for tax purposes		1.9	0.1
Adjustment in respect of foreign tax rates		0.8	0.9
Additional tax arising on dividends from overseas companies		1.7	0.5
Profits on disposals not subject to tax		(0.2)	–
Other income not charged to tax		(0.4)	(0.3)
Change in deferred tax not recognised		3.7	(3.7)
Increase in tax losses carried forward		3.7	3.1
Movement in other timing differences		1.5	0.2
Total tax charge for the year		12.2	2.6

The tax charge includes a deferred tax charge of £3.7 million (2021: credit of £3.7 million) relating to the reversal (2021: recognition) of deferred tax losses able to be utilised to offset losses (2021: gains) in the UK pension scheme surplus recognised through other comprehensive income where the related equal and opposite charge arises in the Statement of Comprehensive Income.

9 Taxation *(continued)*

The tax charge includes a credit of £0.4 million (2021: £0.1 million) relating to the recognition of deferred tax losses able to be utilised to offset gains in value of financial assets at fair value through other comprehensive income where the related equal and opposite charge arises in the Statement of Comprehensive Income.

The current tax charge includes a credit of £0.2m (2021: £2.2m) arising from use of losses to offset gains on disposal of financial assets held at fair value through other comprehensive income. The deferred tax charge includes an equal and opposite charge to reflect the impact of utilising previously unrecognised losses in the Statement of Comprehensive Income.

10 Discontinued operations

On 16 December 2022, the Group entered into an unconditional agreement to sell Associated Cold Stores & Transport Limited, which was the Group's Food Service operation. The disposal, which completed on 10 January 2023, was effected in order to support the Group's strategy of focussing its investment activity on its core agriculture operations and for general working capital purposes. The effective date of the transaction is 26 November 2022. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 40.

The prior year figures in the consolidated income statement and the consolidated cashflow statement have been restated in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

The results of the discontinued operations, which have been included in the profit for the year, were as follows:

	Period ending 26 November	Year ending 31 December 2022
2021		
	£'m	*£'m*
Revenue	23.7	21.9
Cost of sales	(18.4)	(17.6)
Gross profit	5.3	4.3
Other operating income	–	0.1
Administrative expenses	(4.0)	(4.3)
Profit on disposal of property, plant and equipment	0.5	–
Net finance costs	(0.1)	(0.1)
Profit before tax	1.7	–
Profit on disposal of discontinued operations	3.8	–
Attributable tax credit	2.1	–
Net profit attributable to discontinued operations (attributable to owners of the Company)	7.6	–

During the year, Associated Cold Stores & Transport Limited contributed £4.0 million (2021: £0.5 million) to the Group's net operating cash flows, paid £0.3 million (2021: £0.9 million) in respect of investing activities and paid £0.4 million (2021: £0.3 million) in respect of financing activities.

A profit of £3.8 million arose on the disposal of Associated Cold Stores & Transport Limited, being the difference between the proceeds of disposal and the carrying amount of the subsidiary's net assets at the effective date of disposal.

11 (Loss)/profit for the year

	2022 £'m	*2021 £'m*
The (loss)/profit of the Company was:	(1.6)	6.5

The Company has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to disclose its income statement.

12 Equity dividends

	2022 £'m	*2021 £'m*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2021 of 102p (2020: 144p) per share	2.8	4.0
Interim dividend for the year ended 31 December 2022 of 44p (2021: 44p) per share	1.2	1.2
	4.0	5.2

Dividends amounting to £0.1 million (2021: £0.1 million) have not been included as group companies hold 62,500 issued shares in the Company. These are classified as treasury shares.

	2022 £'m	*2021 £'m*
Proposed final dividend for the year ended 31 December 2022 of 102p (2021: 102p) per share	2.8	2.8

The proposed final dividend for 2022 is subject to approval by the shareholders at the AGM and has not been included as a liability in these financial statements.

13 (Loss)/earnings per share (EPS)

	Earnings £'m	2022 Weighted average number of shares Number	EPS Pence	*Loss £'m*	*2021 Weighted average number of shares Number*	EPS Pence
Basic and diluted EPS						
Attributable to ordinary shareholders - continuing operations	(20.6)	2,762,000	(745.8)	2.3	2,762,000	83.3
Attributable to ordinary shareholders - continuing and discontinued operations	(13.0)	2,762,000	(470.7)	2.3	2,762,000	83.3

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held by the Group as treasury shares (note 37).

14 Employees

		Continuing operations		Continuing and discontinued operations	
		2022 Number	*2021* Number	2022 Number	*2021* Number
Average number of employees by activity:					
Agriculture		79,447	78,041	79,447	78,041
Engineering		132	204	132	204
Food Service		–	–	246	237
Central Management		35	32	35	32
		79,614	78,277	79,860	78,514
		2022 £'m	*2021* £'m	2022 £'m	*2021* £'m
Employment costs:					
Wages and salaries		107.9	99.5	115.1	106.5
Social security costs		2.2	1.8	2.9	2.5
Employee benefit obligations (note 36)	– UK	0.6	0.8	1.2	1.4
	– Overseas	7.4	6.6	7.4	6.6
		118.1	108.7	126.6	117.0

Total remuneration paid to key employees who are members of the Executive Committees, excluding Directors of Camellia Plc, amounted to £1.9 million (2021: £2.4 million).

15 Emoluments of the directors

	2022 £'m	*2021* *£'m*
Aggregate emoluments excluding pension contributions	2.6	2.0

Emoluments of the highest paid director excluding pension contributions were £1.0 million (2021: £0.7 million), which included a loss of office payment of £0.7 million (2021: £nil).

Further details of directors' emoluments are set out on pages 41 to 42.

16 Intangible assets

Group	Goodwill £'m	Brands £'m	Computer software £'m	Total £'m
Cost				
At 1 January 2021	1.3	8.7	2.6	12.6
Subsidiaries joining the group	3.6	–	–	3.6
Disposals	–	–	(1.3)	(1.3)
At 1 January 2022	4.9	8.7	1.3	14.9
Subsidiary leaving the group	–	–	(0.7)	(0.7)
At 31 December 2022	4.9	8.7	0.6	14.2
Amortisation				
At 1 January 2021	0.3	3.5	2.2	6.0
Charge for the year	–	–	0.1	0.1
Disposals	–	–	(1.3)	(1.3)
At 1 January 2022	0.3	3.5	1.0	4.8
Charge for the year			0.1	0.1
Subsidiary leaving the group	–	–	(0.6)	(0.6)
Impairment provision	3.6	–	–	3.6
At 31 December 2022	3.9	3.5	0.5	7.9
Net book value at 31 December 2022	1.0	5.2	0.1	6.3
Net book value at 31 December 2021	4.6	5.2	0.3	10.1

Included in the carrying value of brands is £2.0 million and £3.2 million relating to the Indian tea brands acquired by Goodricke in 2017 and the Jing tea brand acquired by the Group in 2018 respectively. Both of these have been assessed as having an indefinite life. These are considered to have an indefinite useful life due to the continuing investment in maintaining their value.

In accordance with the Group's accounting policy, goodwill and intangible assets are tested annually for impairment. As a result of this testing, an impairment of £3.6 million was made in the year to 31 December 2022 in relation to the goodwill on acquisition of Bardsley England.

Goodwill consists of the following:

Segment	Cash Generating Unit (CGU)	2022 Net Book Value £'m	2021 Net Book Value £'m
Agriculture	Tea estates acquired in Assam, India	1.0	1.0
	Bardsley England	–	3.6
		1.0	4.6

Bardsley England

The valuation of the goodwill associated with Bardsley England has been re-assessed due to the impact of inflation arising from the Ukraine war on the expected profitability of the business. The recoverable value of the goodwill was considered to be £nil.

16 Intangible assets *(continued)*

Tea estates acquired in Assam, India

The recoverable value was considered to exceed the carrying value by £0.4 million. The valuation is based on multiples of the annual average production of the relevant estates. The multiple would need to decrease by 5% for any impairment to arise.

Intangibles comprise brands owned relating to Jing Tea with a net book value of £3.6 million and £1.6 million for the Indian packet tea operations. The brands are assessed to have indefinite lives.

Indian brands

The fair value less costs to sell of the Indian packet tea brands were significantly in excess of the carrying value. No reasonably possible change in the key assumptions would result in a recoverable amount that was lower than the carrying amount.

Jing Tea

The fair value of the brand owned by Jing Tea was calculated using the Royalty Forgiven methodology. This is sensitive to input assumptions, particularly in relation to future growth, notably customer demand growth. A range of scenarios has been considered and the recoverable amount derived from these shows a recoverable amount in excess of the carrying value. The key assumptions and sensitivities are set out below:

	Assumption	*Change in assumption Impact on fair value of the brand* +1% £'m	-1% £'m
Royalty rate	4.2%	(0.8)	0.8
Discount rate	10.8%	0.4	(0.4)

If forecasted revenues were to change by +/-5 % in every year it would have the effect of a decrease/increase in the fair value of the brand of £0.2 million.

17 Property, plant and equipment

Group	Bearer plants £'m	Land and buildings £'m	Plant and machinery £'m	Fixtures, fittings and equipment £'m	Total £'m
Deemed cost					
At 1 January 2021	130.8	107.2	105.9	19.1	363.0
Exchange differences	(3.0)	(1.2)	(1.6)	(0.2)	(6.0)
Additions	4.5	2.0	3.5	0.7	10.7
Disposals	–	(0.1)	(2.5)	(0.5)	(3.1)
Transfer between categories	0.3	0.6	0.7	(1.6)	–
Subsidiaries joining the group	3.0	10.2	5.8	0.5	19.5
Reclassification to investment properties	–	(3.1)	–	–	(3.1)
Reclassification to right-of-use assets	–	(1.2)	(0.4)	–	(1.6)
Reclassification to held for sale	–	(3.6)	(8.1)	(1.9)	(13.6)
At 1 January 2022	135.6	110.8	103.3	16.1	365.8
Exchange differences	(4.1)	0.1	0.3	0.1	(3.6)
Additions	5.7	2.9	5.3	0.9	14.8
Disposals	(0.2)	(0.6)	(3.8)	(0.3)	(4.9)
Transfer between categories	–	(0.1)	0.1	–	–
Subsidiary leaving the group	–	(31.4)	(15.7)	(2.4)	(49.5)
Reclassification to held for sale	–	(0.8)	–	–	(0.8)
At 31 December 2022	137.0	80.9	89.5	14.4	321.8
Depreciation					
At 1 January 2021	28.6	52.9	72.9	10.3	164.7
Exchange differences	(0.8)	(0.3)	(0.8)	(0.2)	(2.1)
Charge for the year	4.4	2.3	5.8	0.8	13.3
Disposals	–	(0.1)	(2.1)	(0.4)	(2.6)
Transfer between categories	–	1.4	(0.4)	(1.0)	–
Reclassification to right-of-use assets	–	–	(0.3)	–	(0.3)
Reclassification to held for sale	–	(1.5)	(8.1)	(0.2)	(9.8)
Impairment provision	–	–	0.5	–	0.5
At 1 January 2022	32.2	54.7	67.5	9.3	163.7
Exchange differences	(1.3)	(0.1)	0.2	0.1	(1.1)
Charge for the year	4.5	2.4	5.7	0.8	13.4
Disposals	(0.1)	(0.3)	(3.1)	(0.3)	(3.8)
Subsidiary leaving the group	–	(26.1)	(13.6)	(1.5)	(41.2)
Reclassification to held for sale	–	(0.1)	–	–	(0.1)
Impairment provision	2.7	0.6	3.0	0.1	6.4
At 31 December 2022	38.0	31.1	59.7	8.5	137.3
Net book value at 31 December 2022	99.0	49.8	29.8	5.9	184.5
Net book value at 31 December 2021	103.4	56.1	35.8	6.8	202.1
Assets in the course of construction included in the above:					
2021					
Additions	3.3	0.4	0.9	0.1	4.7
Net book value at 31 December 2021	10.2	0.6	0.6	–	11.4
2022					
Additions	3.9	0.9	1.4	0.2	6.4
Net book value at 31 December 2022	9.7	0.7	0.9	–	11.3

17 Property, plant and equipment *(continued)*

The impairment of £6.4 million relates to Bardsley England and arose due to the impact of inflation arising from the Ukraine war on expected profitability of the operation.

In 2021, the plant and machinery impairment provision of £0.5 million related to Abbey Metal Finishing and its subsidiary company Atfin and arose due to the impact of COVID on the aerospace industry.

In 2021, the reclassification to right-of-use assets arose from changes in land registration in Tanzania.

18 Right-of-use assets

	Land and buildings £'m	Plant and machinery £'m	Total £'m
Group			
Deemed cost			
At 1 January 2021	17.9	0.6	18.5
Exchange differences	(0.1)	–	(0.1)
Additions	0.6	1.0	1.6
Disposals	(0.5)	(0.2)	(0.7)
Reclassification from property, plant and equipment	1.2	0.4	1.6
Reclassification to held for sale	(3.6)	–	(3.6)
Subsidiaries joining the group	14.0	0.6	14.6
At 1 January 2022	29.5	2.4	31.9
Exchange differences	0.1	–	0.1
Additions	0.3	1.4	1.7
Disposals	(0.2)	(0.4)	(0.6)
Subsidiary leaving the group	(1.3)	(1.1)	(2.4)
At 31 December 2022	28.4	2.3	30.7
Depreciation			
At 1 January 2021	1.5	0.4	1.9
Charge for the year	1.2	0.4	1.6
Disposals	(0.4)	(0.1)	(0.5)
Reclassification from property, plant and equipment	–	0.3	0.3
Reclassification to held for sale	(0.2)	–	(0.2)
At 1 January 2022	2.1	1.0	3.1
Charge for the year	1.9	0.8	2.7
Disposals	(0.1)	(0.2)	(0.3)
Subsidiary leaving the group	(0.5)	(0.4)	(0.9)
At 31 December 2022	3.4	1.2	4.6
Net book value at 31 December 2022	25.0	1.1	26.1
Net book value at 31 December 2021	27.4	1.4	28.8

18 Right-of-use assets *(continued)*

The Group leases many assets including land, buildings and plant. The average lease term is 74 years (2021: 69 years).

Leases that expired in the year and were replaced by new leases for identical or the same underlying assets resulted in additions to right-of-use assets of £1.4 million (2021: £1.0 million).

The maturity analysis of lease liabilities is presented in note 33.

	2022 £'m	2021 *£'m*
Amounts recognised in the consolidated income statement:		
Interest expense on lease liabilities	0.8	0.7
Expense relating to short-term leases	0.2	0.1

19 Investment properties

	£'m
Group	
Cost	
At 1 January 2021	20.5
Additions	0.9
Reclassification from property, plant and equipment	3.1
At 1 January 2022	24.5
Additions	2.5
At 31 December 2022	27.0
Depreciation	
At 1 January 2021	1.4
Charge for the year	–
At 1 January 2022	1.4
Charge for the year	0.1
Impairment provision	0.1
At 31 December 2022	1.6
Net book value at 31 December 2022	25.4
Net book value at 31 December 2021	23.1

Included in revenue is £1.0 million (2021: £1.1 million) of rental income generated from investment properties. Direct operating expenses relating to the investment property, the majority of which generated rental income in the period, amounted to £0.3 million (2021: £0.2 million).

At the end of the year the fair value of Investment properties was £35.1 million (2021: £34.4 million) based on vacant possession. Investment properties were valued by the Directors (fair value hierarchy Level 2).

20 Biological assets

Non-current:	Forestry £'m	Livestock £'m	Total £'m
Group			
At 1 January 2021	11.7	1.0	12.7
Exchange differences	(0.3)	–	(0.3)
Additions	0.4	–	0.4
Gains arising from changes in fair value less estimated point-of-sale costs	1.1	0.4	1.5
Decreases due to harvesting	(0.5)	(0.4)	(0.9)
At 1 January 2022	12.4	1.0	13.4
Exchange differences	(0.1)	–	(0.1)
Additions	0.2	–	0.2
Gains arising from changes in fair value less estimated point-of-sale costs	1.1	0.4	1.5
Decreases due to harvesting	(0.6)	(0.3)	(0.9)
At 31 December 2022	13.0	1.1	14.1

Current:	2022 £'m	2021 £'m
Group		
Tea	0.4	0.2
Edible nuts	2.5	2.2
Soya	5.3	3.6
Avocado	2.5	1.5
Other	0.1	0.3
	10.8	7.8

Biological assets are carried at fair value. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the Directors have made certain assumptions about the expected life-span of the plantings, yields, selling prices and costs. There are no individually significant unobservable inputs. The fair value of livestock is based on market prices of livestock of similar age and sex.

New planting additions represent new areas planted to the particular crop at cost.

As at 31 December 2022 the area planted to Forestry amounted to 5,798 Hectares (2021: 5,788) from which 145,856 cubic metres (2021: 157,687) were harvested during the year.

Livestock numbers were 4,246 head (2021: 4,332) at 31 December 2022.

20 Biological assets *(continued)*

Fair value measurement
All of the biological assets fall under level 3 of the hierarchy defined in IFRS 13.

The basis upon which the valuations are determined is set out in accounting policies on page 55.

Valuations by external professional valuers and those derived from discounted cash flows both make assumptions based on observable inputs of: yields, an increase in which will raise the value; costs, an increase in which will decrease the value; market prices, an increase in which will raise the value; life span of the plantings, an increase in which will raise the value; discount rates, an increase in which will decrease the value. These assumptions vary significantly across different countries, crops and varieties. In preparing these valuations a long term view is taken on the yields and prices achievable.

The fair value of biological assets is sensitive to these assumptions, the more significant of which are as follows:

Non-current:

– Forestry - a 10% movement in the market price for trees or volume of trees assumed would result in a £1.3 million (2021: £1.2 million) increase/decrease in the fair value of forestry.

Current:

– Macadamia - a 10% increase/decrease in the volumes or the prices assumed would result in a £1.1 million (2021: £0.9 million) increase/decrease in the fair value of macadamia growing crop.
– Avocados - a 10% increase/decrease in the volumes assumed would result in a £0.2 million (2021: £0.2 million) increase/decrease in the fair value of Hass avocados growing crop. A 10% increase/decrease in selling price assumed would result in a £0.3 million (2021: £0.2 million) increase/decrease in the fair value of Hass avocados growing crop.
– Soya - a 10% increase/decrease in the volume or the price assumed would result in a £0.6 million (2021: £0.4 million) increase/decrease in the fair value of soya growing crop.

Financial risk management strategies
The Group is exposed to financial risks arising from changes in the prices of the agricultural products it produces. There are no futures markets available for the majority of crops grown by the Group. The Group's exposure to this risk is mitigated by the geographical spread of its operations, selective forward selling in certain instances when considered appropriate, and regular reviews of available market data on sales and production. The Group monitors closely the returns it achieves from its crops and considers replacing its biological assets when yields decline with age or markets change.

Further financial risk arises from changes in market prices of key cost components. Such costs are closely monitored.

21 Investments in subsidiaries

	2022 £'m	2021 *£'m*
Company		
Cost		
At 1 January and 31 December	73.5	73.5

22 Investments in associates

	2022 £'m	2021 £'m
Group		
At 1 January	98.9	93.7
Exchange differences	9.8	0.8
Share of (loss)/profit (note 5)	(3.1)	7.2
Dividends	(3.2)	(3.0)
Other equity movements	0.5	0.2
At 31 December	102.9	98.9
Provision for diminution in value		
At 1 January	26.3	26.1
Exchange differences	3.3	0.2
At 31 December	29.6	26.3
Net book value at 31 December	73.3	72.6

Details of the Group's associates are shown in note 44.

The Group's share of the results of its principal associates and its share of the assets (including goodwill) and liabilities are as follows:

	Country of incorporation	Assets £'m	Liabilities £'m	Revenues £'m	(Loss)/ profit £'m	Interest held %	Market value £'m
2022							
Listed							
BF&M	Bermuda	665.5	(574.4)	41.2	(3.7)	36.9	59.3
United Finance Limited	Bangladesh	83.8	(74.6)	3.1	0.5	38.4	9.2
United Insurance Company Limited	Bangladesh	4.4	(1.8)	0.3	0.1	37.0	6.1
		753.7	(650.8)	44.6	(3.1)		74.6
2021							
Listed							
BF&M	Bermuda	684.2	(597.9)	58.1	6.4	37.4	57.7
United Finance Limited	Bangladesh	84.6	(74.7)	2.8	0.7	38.4	13.0
United Insurance Company Limited	Bangladesh	4.3	(1.6)	0.3	0.1	37.0	9.3
		773.1	(674.2)	61.2	7.2		80.0

23 Equity investments at fair value through other comprehensive income

	Group		Company	
	2022	2021	2022	2021
	£'m	£'m	£'m	£'m
Cost or fair value				
At 1 January	28.4	43.8	0.2	0.2
Exchange differences	2.7	–	–	–
Fair value adjustment	(2.6)	0.8	–	–
Additions	0.1	3.5	–	–
Disposals	(1.1)	(8.1)	–	–
Fair value adjustment for disposal	(1.1)	(11.6)	–	–
At 31 December	26.4	28.4	0.2	0.2
Provision for diminution in value				
At 1 January	0.7	1.2	0.2	0.2
Exchange differences	0.1	–	–	–
Disposals	(0.1)	(0.5)	–	–
At 31 December	0.7	0.7	0.2	0.2
Net book value at 31 December	25.7	27.7	–	–

Equity investments at fair value through other comprehensive income include the following:

	Group	
	2022	2021
	£'m	*£'m*
Listed securities:		
Equity securities - Bermuda	0.9	0.6
Equity securities - Japan	7.2	8.3
Equity securities - Switzerland	8.5	9.0
Equity securities - US	2.0	2.7
Equity securities - India	0.8	0.8
Equity securities - Europe	0.5	0.4
Equity securities - United Kingdom	5.4	5.3
Equity securities - Other	0.4	0.6
	25.7	27.7

23 Equity investments at fair value through other comprehensive income *(continued)*

Equity investments at fair value through other comprehensive income are denominated in the following currencies:

	Group 2022 £'m	Group 2021 *£'m*
Sterling	5.4	5.3
US Dollar	2.0	2.7
Euro	0.5	0.4
Swiss Franc	8.5	9.0
Indian Rupee	0.8	0.8
Bermudian Dollar	0.9	0.6
Japanese Yen	7.2	8.3
Other	0.4	0.6
	25.7	27.7

24 Money market investments at fair value through profit or loss

	Group 2022 £'m	Group 2021 £'m
At 1 January	9.9	5.3
Exchange differences	0.2	–
Fair value adjustment	0.3	0.1
Additions	2.8	5.4
Disposals	(4.6)	(0.9)
At 31 December	8.6	9.9

Money market investments at fair value through profit or loss include the following:

	Group 2022 £'m	Group 2021 £'m
Listed securities:		
Money market - Bermuda	0.1	1.6
Money market - Brazil	0.6	–
Money market - India	7.9	8.3
	8.6	9.9

24 Money market investments at fair value through profit or loss *(continued)*

Money market investments at fair value through profit or loss are denominated in the following currencies:

	Group 2022 £'m	*2021 £'m*
US Dollar	0.1	*1.6*
Brazil Real	0.6	*–*
Indian Rupee	7.9	*8.3*
	8.6	*9.9*
Current	1.3	*2.7*
Non-Current	7.3	*7.2*
	8.6	*9.9*

25 Debt investments at amortised cost

	Group 2022 £'m	*2021 £'m*
At 1 January	2.6	*2.7*
Exchange differences	0.1	*(0.1)*
Disposals	(1.4)	*–*
At 31 December	1.3	*2.6*

Debt investments at amortised cost comprises:

	2022 £'m	*2021 £'m*
Treasury infrastructure bonds - 12.2% to 12.5% interest payable twice yearly and redeemable in November 2022 - Kenya	–	*1.3*
Treasury infrastructure bonds - 12.5% interest payable twice yearly and redeemable in November 2024 - Kenya	1.3	*1.3*
	1.3	*2.6*
Current	–	*1.3*
Non-Current	1.3	*1.3*
	1.3	*2.6*

26 Other investments - heritage assets

	Group		Company	
	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Cost				
At 1 January	8.7	*9.8*	8.8	*11.0*
Additions	0.1	*–*	0.1	*–*
Disposals	–	*(0.1)*	–	*(0.1)*
Reclassification to held for sale	–	*(1.0)*	–	*(2.1)*
At 31 December	8.8	*8.7*	8.9	*8.8*

Heritage assets comprise the Group's and Company's investment in fine art, philately, documents and manuscripts. The market value of these collections is expected to be in excess of book value.

27 Inventories

	2022	*2021*
	£'m	*£'m*
Group		
Made Tea	26.3	*25.7*
Other agricultural produce	13.3	*7.8*
Work in progress	0.1	*0.1*
Trading stocks	1.3	*1.1*
Raw materials and consumables	19.4	*17.0*
	60.4	*51.7*

Made tea inventories include the fair value of green leaf which includes a fair value uplift of £nil million (2021: £0.2 million). Other agricultural produce is net of a £2.7 million (2021: £0.2 million) provision which has been recognised as an expense.

28 Trade and other receivables

	Group		Company	
	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Group				
Current:				
Trade receivables	29.2	*32.7*	–	–
Amounts owed by associated undertakings	0.1	*0.1*	–	–
Other receivables*	23.6	*4.8*	–	–
Prepayments and accrued income	14.7	*10.9*	0.2	*0.2*
	67.6	*48.5*	0.2	*0.2*

* Included within other receivables is £16.6 million of deferred consideration which was received in January 2023 in relation to the disposal of Associated Cold Stores & Transport Limited, see note 40.

Non-current:				
Other receivables	3.1	*2.7*	–	–
	3.1	*2.7*	–	–

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Current:				
Sterling	29.5	*17.8*	0.2	0.2
US Dollar	7.7	*3.5*	–	–
Euro	0.9	*0.8*	–	–
Kenyan Shilling	2.3	*2.6*	–	–
Indian Rupee	17.9	*16.8*	–	–
Malawian Kwacha	1.7	*1.5*	–	–
Bangladesh Taka	3.4	*2.1*	–	–
South African Rand	0.2	*0.2*	–	–
Brazilian Real	3.1	*2.5*	–	–
Other	0.8	*0.7*	–	–
	67.5	*48.5*	0.2	*0.2*
Non-current:				
Sterling	0.3	*0.3*		
Kenyan Shilling	0.6	*0.5*		
Indian Rupee	1.6	*1.4*		
Malawian Kwacha	0.4	*0.3*		
Bangladesh Taka	0.2	*0.2*		
	3.1	*2.7*		

28 Trade and other receivables *(continued)*

As at 31 December 2021	*Current* *£'m*	Trades receivables - days past due *Up to 30 days* *£'m*	*31-60 days* *£'m*	*61-90 days* *£'m*	*Over 91 days* *£'m*	*Total* *£'m*
Gross carrying amount - trade receivables	*27.1*	*4.1*	*0.8*	*0.3*	*1.2*	*33.5*
Expected credit loss rate	*–*	*4.9%*	*25.0%*	*66.7%*	*16.7%*	*2.4%*
Lifetime ECL	*–*	*0.2*	*0.2*	*0.2*	*0.2*	*0.8*
Net carrying amount	*27.1*	*3.9*	*0.6*	*0.1*	*1.0*	*32.7*

As at 31 December 2022	Current £'m	Trades receivables - days past due Up to 30 days £'m	31-60 days £'m	61-90 days £'m	Over 91 days £'m	Total £'m
Gross carrying amount - trade receivables	24.2	3.4	0.7	0.4	1.3	30.0
Expected credit loss rate	–	2.9%	0.0%	0.0%	53.8%	2.7%
Lifetime ECL	–	0.1	–	–	0.7	0.8
Net carrying amount	24.2	3.3	0.7	0.4	0.6	29.2

The closing loss allowances for trade receivables reconciles to the opening loss allowance as follows:

	2022 £'m	*2021* *£'m*
Opening loss allowance	0.8	*0.6*
Increase in loss allowance recognised in profit and loss during the year	0.1	*0.2*
Receivables written off during the year as uncollectable	(0.1)	*–*
Closing loss allowance	0.8	*0.8*

29 Cash and cash equivalents (excluding bank overdrafts)

	Group 2022 £'m	Group *2021* *£'m*	Company 2022 £'m	Company *2021* *£'m*
Cash at bank and in hand	20.0	*25.9*	0.1	*0.7*
Short-term bank deposits	28.6	*35.3*	–	*–*
Short-term liquid investments	0.7	*0.6*	–	*–*
	49.3	*61.8*	0.1	*0.7*

29 Cash and cash equivalents (excluding bank overdrafts) *(continued)*

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Cash and cash equivalents	49.3	*61.8*	0.1	*0.7*
Bank overdrafts (note 32)	(3.7)	*(1.9)*	–	–
	45.6	*59.9*	0.1	*0.7*

	2022	*2021*
Effective interest rate:		
Short-term deposits	1.30 - 11.00%	*0.01 - 10.25%*
Short-term liquid investments	5.00%	*3.00 - 4.00%*
Average maturity period:		
Short-term deposits	50 days	*67 days*
Short-term liquid investments	32 days	*32 days*

30 Assets classified as held for sale / Liabilities related to assets classified as held for sale

During the year the following assets were transferred to held for sale:

	Group		Company	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
At 1 January	6.6	–	2.1	–
Reclassified from property, plant and equipment	0.7	*3.8*	–	–
Reclassified from right-of-use assets	–	*3.4*	–	–
Reclassified from heritage assets	–	*1.0*	–	*2.1*
Reclassified from current assets	–	*0.7*	–	–
	7.3	*8.9*	2.1	*2.1*
Disposals during the year	(2.7)		(1.6)	–
Disposal of subsidiaries during year	–	*(2.3)*	–	–
At 31 December	4.6	*6.6*	0.5	*2.1*

Liabilities related to assets classified as held for sale as at 31 December:

Reclassified from lease liabilities	2.0	*2.0*	–	–

During the year, a London property and a number of the Group's heritage assets and other items of art have been sold, realising cash proceeds of £4.5 million.

31 Trade and other payables

	Group		Company	
	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Current:				
Trade payables	22.2	*18.1*	0.1	*0.1*
Other taxation and social security	2.4	*4.8*	–	*–*
Other payables	26.4	*26.8*	0.2	*0.2*
Accruals and deferred income	8.8	*9.5*	0.7	*0.6*
	59.8	*59.2*	1.0	*0.9*

Included in other taxation and social security is £nil (2021: £0.1 million) of VAT payable by the UK operations which was deferred from Q1 2020 as part of the UK Government deferral scheme in relation to COVID and was fully repaid by the end of February 2022.

32 Financial liabilities - borrowings

	2022	*2021*
	£'m	*£'m*
Group		
Current:		
Bank overdrafts	3.7	*1.9*
Bank loans	1.4	*1.4*
	5.1	*3.3*
Current borrowings include the following amounts secured on property, plant and equipment and investment properties:		
Bank overdrafts	0.6	*0.3*
Bank loans	1.4	*1.4*
	2.0	*1.7*
Non-current:		
Bank loans	4.4	*4.5*
Non-current borrowings include the following amounts secured on plant and equipment and investment properties:		
Bank loans	4.4	*4.5*
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	5.1	*3.3*
Between 1 - 2 years	1.1	*0.7*
Between 2 - 5 years	1.1	*1.2*
After 5 years	2.2	*2.6*
	9.5	*7.8*

32 Financial liabilities - borrowings *(continued)*

The rates of interest payable by the Group ranged between:

	2022 %	*2021 %*
Bank overdrafts	5.00 - 21.90	*3.25 - 16.50*
Bank loans	7.60 - 10.50	*6.90 - 7.55*

33 Lease liabilities

	2022 £'m	*2021 £'m*
Group		
Maturity analysis of lease liabilities is as follows:		
Within one year	2.3	*3.2*
Between 1 - 2 years	2.3	*2.3*
Between 2 - 5 years	5.4	*5.0*
Onwards	11.4	*14.2*
	21.4	*24.7*
Analysed as:		
Current	2.3	*3.2*
Non-current	19.1	*21.5*
	21.4	*24.7*

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the individual subsidiaries' finance functions.

34 Provisions

	Wages and salaries £'m	Legal claims £'m	Others £'m	Total £'m
Group				
At 1 January 2021	9.7	8.2	1.1	19.0
Exchange differences	(0.1)	(0.1)	–	(0.2)
Utilised in the period	(7.6)	(6.9)	(0.4)	(14.9)
Provided in the period	7.7	–	0.3	8.0
Subsidiaries joining the group	–	–	0.5	0.5
Unused amounts reversed in period	(0.6)	–	–	(0.6)
At 1 January 2022	9.1	1.2	1.5	11.8
Utilised in the period	(6.7)	(0.3)	(0.1)	(7.1)
Provided in the period	8.5	–	–	8.5
Subsidiary leaving the group	–	–	(0.5)	(0.5)
Unused amounts reversed in period	(1.8)	–	(0.1)	(1.9)
At 31 December 2022	9.1	0.9	0.8	10.8
Current:				
At 31 December 2022	9.1	0.9	0.8	10.8
At 31 December 2021	*9.1*	1.2	*1.5*	*11.8*

34 Provisions *(continued)*

The wages and salaries provisions are in respect of ongoing wage and bonus negotiations in India, Kenya and Bangladesh, the majority of which are expected to be utilised during 2023.

Legal claims relate to the cost of the defence of the litigation concerning our East African operations, including settlements and the expected costs of progressive measures.

Others relate to provisions for claims and dilapidations.

	Legal claims £'m	Total £'m
Company		
At 1 January 2021	1.9	1.9
Utilised in the period	(1.9)	(1.9)
At 1 January 2022	–	–
Utilised in the period	–	–
At 31 December 2022	–	–
Current:		
At 31 December 2022	–	–
At 31 December 2021	–	–

Legal claims related to the defence of the litigation concerning our East African operations.

35 Deferred tax

The net movement on the deferred tax account is set out below:

	Group 2022 £'m	Group *2021 £'m*	Company 2022 £'m	Company *2021 £'m*
At 1 January	38.0	*39.5*	0.2	0.2
Exchange differences	(0.7)	*(1.0)*	–	–
Charged/(credited) to the income statement	3.3	*(2.2)*	–	–
(Credited)/charged to other comprehensive income	(3.6)	*1.7*	–	–
At 31 December	37.0	*38.0*	0.2	*0.2*

35 Deferred tax *(continued)*

The movement in deferred tax assets and liabilities is set out below:

Deferred tax liabilities

	Accelerated tax depreciation £'m	Pension scheme liabilities £'m	Other £'m	Total £'m
At 1 January 2021	44.3	–	4.4	48.7
Exchange differences	(1.1)	–	(0.1)	(1.2)
(Credited)/charged to the income statement	(0.7)	–	0.2	(0.5)
Charged/(credited) to other comprehensive income	–	3.7	(2.2)	1.5
At 1 January 2022	42.5	3.7	2.3	48.5
Exchange differences	(0.6)	–	(0.1)	(0.7)
Charged/(credited) to the income statement	0.2	(0.1)	1.5	1.6
Credited to other comprehensive income	–	(3.5)	–	(3.5)
At 31 December 2022	42.1	0.1	3.7	45.9
Deferred tax assets offset				(8.9)
Net deferred tax liability after offset				37.0

Deferred tax assets

	Tax losses £'m	Pension scheme asset £'m	Other £'m	Total £'m
At 1 January 2021	4.8	0.4	4.0	9.2
Exchange differences	(0.1)	–	(0.1)	(0.2)
Credited/(charged) to the income statement	1.7	0.1	(0.1)	1.7
Charged to other comprehensive income	–	(0.2)	–	(0.2)
At 1 January 2022	6.4	0.3	3.8	10.5
(Charged)/credited to the income statement	(2.1)	(0.1)	0.5	(1.7)
Credited to other comprehensive income	–	0.1	–	0.1
At 31 December 2022	4.3	0.3	4.3	8.9
Offset against deferred tax liabilities				(8.9)
Net deferred tax asset after offset				–

Deferred tax liabilities of £13.7 million (2021: £14.7 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

35 Deferred tax *(continued)*

Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has not recognised deferred tax assets of £26.4 million (2021: £18.4 million) in respect of losses that can be carried forward against future taxable income.

36 Employee benefit obligations

(i) Pensions

Certain Group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the Group. The performance of the assets is monitored on a regular basis by the trustees and their investment advisors. A full actuarial valuation was undertaken as at 1 July 2020 and updated to 31 December 2022 by a qualified independent actuary. The UK defined benefit pension scheme is closed to new entrants and with effect from 1 November 2016, the scheme was closed to future accruals. Since that date members have participated in a defined contribution scheme.

The overseas schemes are operated in Group subsidiaries located in Bangladesh and India. Actuarial valuations for these schemes have been updated to 31 December 2021 by qualified actuaries.

Assumptions

The major assumptions used in the valuation to determine the present value of the schemes' defined benefit obligations were as follows:

	2022 % per annum	*2021* *% per annum*
UK schemes		
Rate of increase in salaries	N/a	*N/a*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.35 - 5.00	*2.50 - 5.00*
Discount rate applied to scheme liabilities	4.80	*1.75*
Inflation assumption (CPI/RPI)	2.35/3.05	*2.50/3.20*

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are SAPS 3, males 113%/106% and females 112%/108%, on a year of birth basis, with CMI_2021 future improvement factors and subject to a long term annual rate of future improvement of 1.25% per annum, smoothing parameter of 7.0, initial addition parameter of 0.25% pa and w2020 parameter of 15%. This results in males and females aged 65 having life expectancies of 21.4 years (2021: 21.5 years) and 22.2 years respectively (2021: 22.3 years).

Overseas schemes	2022 % per annum	*2021* *% per annum*
Rate of increase in salaries	6.00	*6.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 - 3.00	*0.00 - 3.00*
Discount rate applied to scheme liabilities	6.50 - 8.00	*6.50 - 6.80*
Inflation assumption	3.00 - 6.00	*3.00 - 6.00*

(ii) Post-employment benefits

Certain Group subsidiaries located in Kenya, India and Bangladesh have an obligation to pay terminal gratuities, based on years of service. These obligations are estimated annually using the projected unit method by qualified independent actuaries. Schemes operated in India are funded but the schemes operated in Kenya and Bangladesh are unfunded. Operations in India and Bangladesh also have an obligation to pay medical benefits upon retirement. These schemes are unfunded.

36 Employee benefit obligations *(continued)*

Assumptions

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

	2022 % per annum	*2021* *% per annum*
Rate of increase in salaries	6.00 - 10.95	*6.00 - 8.89*
Discount rate applied to scheme liabilities	7.25 - 14.20	*6.50 - 13.70*
Inflation assumptions	0.00 - 6.00	*0.00 - 6.00*

(iii) Leave obligations

Certain Group subsidiaries located in India have an obligation to pay leave benefit, based on years of service. These obligations are estimated annually using the projected unit method by qualified independent actuaries. These schemes are unfunded.

(iv) Profit sharing obligations

Certain Group subsidiaries located in Bangladesh may have an obligation to pay sums for workers profit participation for prior years based on a rate of 5 per cent. of post tax profit. Provisions have been made for these sums pending clarification of the applicability of the legislation.

Sensitivity analysis

The sensitivity of the UK defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation
Discount rate	0.5% higher	5.1% decrease
Discount rate	0.5% lower	5.5% increase
Rate of RPI inflation	0.25% higher	3.0% increase
Rate of RPI inflation	0.25% lower	3.1% decrease
Life expectancy	+1 year	5.4% increase
Life expectancy	-1 year	5.4% decrease

The above changes in assumptions may have an impact on the value of the scheme's investment holdings. For example, the scheme holds a proportion of its assets in corporate bonds. A fall in the discount rate as a result of lower UK corporate bond yields would lead to an increase in the value of these assets, thus mitigating the increase in the defined benefit obligation to some extent. The sensitivities have been calculated by changing the key assumption only and leaving all others fixed.

During the year, the UK funded scheme transferred a significant amount of its Bond investments into a liability-driven investment to reduce overall volatility.

Duration of the scheme liabilities

The weighted average duration of the UK scheme's liabilities is 12 years.

Analysis of scheme liabilities

The liabilities of the UK scheme are split as follows:

	%
Deferred pensioners	40
Current pensioners	60
Total membership	100

36 Employee benefit obligations *(continued)*

(v) Actuarial valuations

	2022 UK £'m	2022 Overseas £'m	2022 Total £'m	*2021 UK £'m*	*2021 Overseas £'m*	*2021 Total £'m*
Equities and property	45.8	3.2	49.0	*57.9*	*2.8*	*60.7*
Bonds	13.0	25.5	38.5	*16.3*	*23.5*	*39.8*
Liability-driven investment	45.3	–	45.3	*60.8*	*–*	*60.8*
Diversified growth	17.0	–	17.0	*45.4*	*–*	*45.4*
Insurance related products	–	3.6	3.6	*–*	*3.2*	*3.2*
Cash	5.6	10.1	15.7	*18.9*	*12.5*	*31.4*
Total fair value of plan assets	126.7	42.4	169.1	*199.3*	*42.0*	*241.3*
Present value of defined benefit obligations	(127.8)	(49.7)	(177.5)	*(184.6)*	*(51.6)*	*(236.2)*
Total (deficit)/surplus in the schemes	(1.1)	(7.3)	(8.4)	*14.7*	*(9.6)*	*5.1*
Amount recognised as asset in the balance sheet	–	0.8	0.8	*14.7*	*0.1*	*14.8*
Amount recognised as current liability in the balance sheet	–	(1.1)	(1.1)	*–*	*(1.1)*	*(1.1)*
Amount recognised as non-current liability in the balance sheet	(1.1)	(7.0)	(8.1)	*–*	*(8.6)*	*(8.6)*
	(1.1)	(7.3)	(8.4)	*14.7*	*(9.6)*	*5.1*
Related deferred tax asset/(liability) (note 35)	–	0.2	0.2	*(3.7)*	*0.3*	*(3.4)*
Net (deficit)/surplus	(1.1)	(7.1)	(8.2)	*11.0*	*(9.3)*	*1.7*

Movements in the fair value of scheme assets were as follows:

	2022 UK £'m	2022 Overseas £'m	2022 Total £'m	*2021 UK £'m*	*2021 Overseas £'m*	*2021 Total £'m*
At 1 January	199.3	42.0	241.3	*196.0*	*40.1*	*236.1*
Expected return on plan assets	3.4	2.7	6.1	*2.4*	*2.3*	*4.7*
Employer contributions	–	2.0	2.0	*–*	*3.8*	*3.8*
Contributions paid by plan participants	–	0.4	0.4	*–*	*0.4*	*0.4*
Benefit payments	(8.6)	(4.2)	(12.8)	*(7.9)*	*(4.9)*	*(12.8)*
Other adjustment	–	0.3	0.3	*–*	*0.1*	*0.1*
Actuarial (losses)/gains	(67.4)	(0.8)	(68.2)	*8.8*	*0.5*	*9.3*
Exchange differences	–	–	–	*–*	*(0.3)*	*(0.3)*
At 31 December	126.7	42.4	169.1	*199.3*	*42.0*	*241.3*

36 Employee benefit obligations *(continued)*

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

	2022 UK £'m	2022 Overseas £'m	2022 Total £'m	*2021 UK £'m*	*2021 Overseas £'m*	*2021 Total £'m*
At 1 January	(184.6)	(51.6)	(236.2)	*(203.0)*	*(49.7)*	*(252.7)*
Current service cost	–	(2.1)	(2.1)	*–*	*(1.8)*	*(1.8)*
Interest cost	(3.1)	(3.4)	(6.5)	*(2.5)*	*(3.0)*	*(5.5)*
Contributions paid by plan participants	–	(0.4)	(0.4)	*–*	*(0.4)*	*(0.4)*
Benefit payments	8.6	4.2	12.8	*7.9*	*4.9*	*12.8*
Other adjustment	–	(0.3)	(0.3)	*–*	*–*	*–*
Actuarial gains/(losses)	51.3	4.1	55.4	*13.0*	*(1.9)*	*11.1*
Exchange differences	–	(0.2)	(0.2)	*–*	*0.3*	*0.3*
At 31 December	(127.8)	(49.7)	(177.5)	*(184.6)*	*(51.6)*	*(236.2)*

In 2020, the total fair value of plan assets was £236.1 million, the present value of defined benefit obligations was £252.7 million and the deficit was £16.6 million. In 2019, the total fair value of plan assets was £208.5 million, the present value of defined benefit obligations was £230.5 million and the deficit was £22.0 million and in 2018, the total fair value of plan assets was £190.6 million, the present value of defined benefit obligations was £215.3 million and the deficit was £24.7 million.

Income Statement

The amounts recognised in the Income Statement are as follows:

	2022 UK £'m	2022 Overseas £'m	2022 Total £'m	*2021 UK £'m*	*2021 Overseas £'m*	*2021 Total £'m*
Amounts credited/(charged) to operating profit:						
Current service cost	–	(2.1)	(2.1)	*–*	*(1.8)*	*(1.8)*
Past service cost	–	–	–	*–*	*–*	*–*
Total operating (charge)/credit	–	(2.1)	(2.1)	*–*	*(1.8)*	*(1.8)*
Amounts charged to other finance costs:						
Interest income/(expense)	0.3	(0.7)	(0.4)	*(0.1)*	*(0.7)*	*(0.8)*
Total credited/(charged) to income statement	0.3	(2.8)	(2.5)	*(0.1)*	*(2.5)*	*(2.6)*

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £5.9 million (2021: £5.6 million).

Liabilities for workers profit participation in Bangladesh are charged to profit when the obligation arises.

36 Employee benefit obligations *(continued)*

Actuarial gains and losses recognised in the Statement of Comprehensive Income
The amounts included in the Statement of Comprehensive Income:

	2022 UK £'m	2022 Overseas £'m	2022 Total £'m	*2021 UK £'m*	*2021 Overseas £'m*	*2021 Total £'m*
Remeasurements:						
Return on plan assets, excluding amount included in interest	(67.4)	(0.8)	(68.2)	*8.8*	*0.5*	*9.3*
Gain/(loss) from changes in demographic assumptions	0.6	–	0.6	*0.9*	*–*	*0.9*
Gain/(loss) from changes in financial assumptions	55.5	5.3	60.8	*8.5*	*(1.2)*	*7.3*
Experience (losses)/gains	(4.8)	(1.2)	(6.0)	*3.6*	*(0.7)*	*2.9*
Actuarial (loss)/gain	(16.1)	3.3	(12.8)	*21.8*	*(1.4)*	*20.4*

Cumulative actuarial losses recognised in the Statement of Comprehensive Income are £10.3 million (2021: £2.5 million gain).

As the UK defined benefit pension scheme is closed to future accrual and active members were transferred to a defined contribution scheme, no employer contributions will be paid for the year commencing 1 January 2023. No additional funding contributions will be made, as the latest actuarial valuation shows a funding surplus.

37 Share capital

	2022 £'m	*2021 £'m*
Authorised: 2,842,000 (2021: 2,842,000) ordinary shares of 10p each	0.3	*0.3*
Allotted, called up and fully paid: ordinary shares of 10p each:		
At 1 January and 31 December- 2,824,500 (2021: 2,824,500) shares	0.3	*0.3*

Group companies hold 62,500 issued shares in the Company. These are classified as treasury shares.

38 Reconciliation of (loss)/profit from operations to cash flow

	2022 £'m	*2021* *£'m*
Group		
(Loss)/profit from operations	(5.0)	*7.6*
Share of associates' results	3.1	*(7.2)*
Depreciation and amortisation	12.2	*11.7*
Depreciation of right-of-use assets	2.2	*1.3*
Impairment of assets	10.1	*0.5*
Realised movements on biological assets - non-current	(1.5)	*(1.5)*
Financial assets fair value through profit or loss - gain	(0.3)	*(0.1)*
Profit on disposal of non-current assets	(0.1)	*–*
Profit on disposal of assets classified as held for sale	(1.8)	*–*
Loss on disposal of subsidiaries	–	*0.1*
Profit on disposal of financial assets	(0.3)	*(0.2)*
Movement in provisions	(0.7)	*(7.0)*
Increase in inventories	(9.8)	*(4.6)*
(Increase)/decrease in biological assets	(2.3)	*2.1*
Increase in trade and other receivables	(6.5)	*(1.4)*
Increase in trade and other payables	3.3	*1.8*
Difference between employee benefit obligations funding contributions and cost charged	–	*(1.9)*
Cash generated from operations	2.6	*1.2*

39 Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans Current £'m	Bank loans Non-current £'m	Finance leases Current £'m	Finance leases Non-current £'m	Total £'m
At 1 January 2021	2.1	2.7	1.2	10.3	16.3
Exchange differences	–	(0.1)	–	–	(0.1)
Subsidiaries joining the group	10.5	–	1.7	13.2	25.4
Transferred to held for sale	–	–	(0.1)	(1.9)	(2.0)
New loans	1.0	2.8	–	–	3.8
New finance leases	–	–	1.9	0.4	2.3
Loans repaid	(13.0)	(0.1)			(13.1)
Lease payments	–	–	(1.6)	(0.4)	(2.0)
Transfers	0.8	(0.8)	0.1	(0.1)	–
At 1 January 2022	1.4	4.5	3.2	21.5	30.6
Exchange differences	–	0.1	–	–	0.1
Subsidiary leaving the group	–	–	(0.5)	(1.0)	(1.5)
New loans	0.6	0.8	–	–	1.4
New finance leases	–	–	0.7	1.1	1.8
Loans repaid	(1.6)	–	–	–	(1.6)
Lease payments	–	–	(2.8)	(0.6)	(3.4)
Lease disposal	–	–	–	(0.2)	(0.2)
Transfers	1.0	(1.0)	1.7	(1.7)	–
At 31 December 2022	1.4	4.4	2.3	19.1	27.2

The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

Other changes include interest accruals and prepayments.

40 Business combinations - disposals and acquisitions of businesses

	Disposals 2022 £'m Net book value	*Acquisitions 2021 £'m Fair value*	*Disposals 2021 £'m Net book value*
Intangible assets	0.1	*–*	*–*
Property, plant and equipment	8.3	*19.5*	*–*
Right of use asset	1.5	*14.6*	*–*
Deferred tax asset	2.1	*–*	*–*
Inventories	0.1	*0.7*	*–*
Biological assets – current	–	*3.1*	*–*
Trade and other receivables	4.1	*4.0*	*–*
Cash and cash equivalents (excluding bank overdrafts)	1.6	*0.1*	
Assets classified as held for sale	–	*–*	*1.6*
Financial liabilities - borrowings - bank overdraft	–	*(0.8)*	*(0.3)*
Financial liabilities - borrowings - loans	–	*(10.5)*	*–*
Lease liabilities	(1.6)	*(14.9)*	*–*
Trade and other payables	(3.4)	*(8.9)*	*–*
Provisions	(0.5)	*–*	*–*
Amounts due to group undertakings	–	*–*	*(0.6)*
Liabilities related to assets classified as held for sale	–	*–*	*(0.4)*
	12.3	*6.9*	*0.3*
Identifiable intangible assets - Goodwill	–	*3.6*	*–*
Non-controlling interest	–	*(5.3)*	*–*
Profit/(loss) on disposal	3.8	*–*	*(0.1)*
	16.1	*5.2*	*0.2*
Consideration transferred:			
Cash consideration and costs	(0.5)	*3.0*	*(0.1)*
Deferred consideration	16.6	*2.2*	*0.3*
Total consideration	16.1	*5.2*	*0.2*
Net cash (outflow)/inflow arising on disposals/acquisitions:			
Cash consideration and costs	(0.5)	*(3.0)*	*(0.1)*
Less: cash and cash equivalent balances disposed/acquired	(1.6)	*(0.7)*	*0.3*
	(2.1)	*(3.7)*	*0.2*

Disposal in 2022 - Associated Cold Stores & Transport Limited

As referred to in note 10, on 26 November 2022 the Group effectively disposed of its interest in Associated Cold Stores & Transport Limited.

The cash consideration was paid on 10 January 2023.

The impact of Associated Cold Stores & Transport Limited on the Group's results in the current and prior years is disclosed in note 10. The gain on disposal is included in the profit for the year from discontinued operations (see note 10).

40 Business combinations - disposals and acquisitions of businesses *(continued)*

Acquisition in 2021 - Bardsley England

On 31 July 2021, the Group acquired 60.5% of the share capital of Bardsley Horticulture Limited, the parent company of Bardsley England for consideration of £5.2 million, of which £3.0 million which was paid at completion with the balance of £2.2 million deferred with the final instalment payable by July 2023. Bardsley England is a major fruit farming business and one of the UK's largest apple growers.

Also on 31 July 2021, the Group subscribed for additional shares in Bardsley Horticulture Limited for £9.7 million which diluted the non-controlling interest by 19.5%. Bardsley Horticulture Limited, on the same date, acquired the remaining 50% interest in Bardsley Fruit Enterprises Limited that it did not own for £4.2 million.

On 17 November 2021, the Group acquired the remaining 20% of the share capital of Bardsley Horticulture Limited for consideration of £1.7 million. A gain of £0.2 million has been recognised in equity being the difference between the consideration paid and the non-controlling interests share of the net assets carrying amount.

Disposal in 2021 - Abbey Metal Finishing Limited

On 5 August 2021, the Group disposed of its interests in Abbey Metal Finishing Company Limited and its subsidiary Atfin GmbH in Germany to a newly incorporated company set up by GIL Investments for the purpose of the acquisition and Aerotech GmbH respectively.

41 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2022 £'m	*2021* *£'m*
Group		
Property, plant and equipment	0.8	*0.9*

42 Contingencies

In Malawi the Revenue Authority (MRA) indicated in 2021 that it intended to collect VAT on sales made at auction and under private treaty for export, in the period since 2017. Tea sales intended for the export market were subject to an industry wide agreement with the MRA and the Reserve Bank of Malawi reached at the time the auction was established, resulting in these deemed exports being zero rated for VAT. The MRA has raised an assessment for VAT against Eastern Produce Malawi in connection with this which has been appealed in light of the historic agreement and long-established custom and practice of the industry. Following discussions between the Malawi government, the MRA and the tea industry, the MRA has given permission for the auction to continue with teas deemed as export zero rated for VAT and the assessment raised against Eastern Produce Malawi has been suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £4.8 million

In India, assessments have been received for excise duties of £3.7 million, sales and entry tax of £0.9 million and of £0.7 million for income tax matters. These are being contested on the basis that they are without technical merit.

In India, a long running dispute between our local subsidiaries and the Government of West Bengal over the payment of a land tax, locally called, "Salami", remains unresolved. Lawyers acting for the Group have advised that payment of Salami does not apply, accordingly no provisions have been made. The sum in dispute, excluding fines and penalties, amounts to £1.2 million.

In the UK, HM Revenue and Customs has issued a VAT assessment based on the application of the partial exemption rules which could result in a potential liability of £1.2 million. An amount of £0.2 million has been proved based on external advice received and this assessment is being contested.

The Group operates in certain countries where its operations are potentially subject to a number of legal claims. When required, appropriate provisions are made for the expected cost of such claims.

43 Financial instruments

Capital risk management

The Group manages its capital to ensure that 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 Group consists of debt, which includes the borrowings and lease liabilities disclosed in notes 32 and 33, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Board reviews the capital structure, with an objective to ensure that debt as a percentage of tangible net assets does not exceed 50 per cent..

The ratio at the year end is as follows:

	2022 £'m	*2021* *£'m*
Borrowings	9.5	*7.8*
Lease liabilities	21.4	*24.7*
Debt	30.9	*32.5*
Tangible net assets	362.6	*378.5*
Ratio	8.52%	*8.59%*

Debt is defined as long and short-term borrowings and lease liabilities as detailed in notes 32 and 33.

Tangible net assets includes all capital and reserves of the Group attributable to equity holders of the parent less intangible assets.

Financial instruments by category

At 31 December 2022

Group	Financial assets at fair value through other comprehensive income £'m	Financial asset at fair value through profit or loss £'m	Financial assets at amortised cost £'m	Total £'m
Assets as per Balance Sheet				
Equity investments	25.7	–	–	25.7
Money market investments	–	8.6	–	8.6
Bond investments	–	–	1.3	1.3
Trade and other receivables excluding prepayments	–	–	56.0	56.0
Cash and cash equivalents	–	–	49.3	49.3
	25.7	8.6	106.6	140.9

43 Financial instruments *(continued)*

	Other financial liabilities at amortised cost £'m	Total £'m
Group		
Liabilities as per Balance Sheet		
Borrowings	9.5	9.5
Lease liabilities	21.4	21.4
Trade and other payables	59.8	59.8
	90.7	90.7
Company		
Trade and other payables	1.0	1.0

At 31 December 2021

	Financial assets at fair value through other comprehensive income £'m	Financial asset at fair value through profit or loss £'m	Financial assets at amortised cost £'m	Total £'m
Group				
Assets as per Balance Sheet				
Equity investments	*27.7*	–	–	*27.7*
Money market investments	–	*9.9*	–	*9.9*
Bond investments	–	–	*2.6*	*2.6*
Trade and other receivables excluding prepayments	–	–	*40.3*	*40.3*
Cash and cash equivalents	–	–	*61.8*	*61.8*
	27.7	*9.9*	*104.7*	*142.3*

	Other financial liabilities at amortised cost £'m	Total £'m
Group		
Liabilities as per Balance Sheet		
Borrowings	*7.8*	*7.8*
Leases liabilities	*24.7*	*24.7*
Trade and other payables	*59.2*	*59.2*
	91.7	*91.7*
Company		
Trade and other payables	*0.9*	*0.9*

43 Financial instruments *(continued)*

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

The following table presents the Group's financial assets and liabilities that are measured at fair value. See note 20 for disclosures of biological assets that are measured at fair value.

At 31 December 2022

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Equity investments	25.7	–	–	25.7
Money market investments	8.6	–	–	8.6
Bond investments	1.3	–	–	1.3
	35.6	–	–	35.6

At 31 December 2021

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Equity investments	*27.7*	–	–	*27.7*
Money market investments	*9.9*	–	–	*9.9*
Bond investments	*2.6*	–	–	*2.6*
	40.2	–	–	*40.2*

Financial risk management objectives

The Group finances its operations by a mixture of retained profits, bank borrowings, long-term loans and leases. The objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities. To achieve this, the maturity profile of borrowings and facilities are regularly reviewed. The Group also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the Group's liquidity.

Given the nature and diversity of the Group's operations, the Board does not believe a highly complex use of financial instruments would be of significant benefit to the Group. However, where appropriate, the Board does authorise the use of certain financial instruments to mitigate financial risks that face the Group, where it is effective to do so.

43 Financial instruments *(continued)*

Various financial instruments arise directly from the Group's operations, for example cash and cash equivalents, trade receivables and trade payables. In addition, the Group uses financial instruments for two main reasons, namely:

- To finance its operations (to mitigate liquidity risk)
- To manage currency risks arising from its operations and arising from its sources of finance (to mitigate foreign exchange risk)

The Group did not, in accordance with Group policy, trade in financial instruments throughout the period under review.

(A) Market risk

(i) Foreign exchange risk

The Group has a significant exposure to the US Dollar arising from a number of operations having a significant trading exposure to the Dollar and as a consequence the Group holds significant US Dollar funds and Dollar denominated investments. If the exchange rate of the Dollar to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £1.2 million (2021: £1.0 million). In addition, the Group has significant Indian, Japanese and Swiss financial assets, if the exchange rates of the Indian Rupee, Japanese Yen and Swiss Franc to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £0.6 million (2021: £0.5 million), £0.4 million (2021: £0.4 million) and £0.4 million (2021: £0.5 million) respectively.

Currency risks are primarily managed through the use of natural hedging and regularly reviewing when cash should be exchanged into either sterling or another functional currency.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

The majority of the Group's equity investments are publicly traded and are quoted on stock exchanges located in Bermuda, India, Japan, Switzerland, UK and US. Should these equity indexes increase or decrease by 5 per cent. with all other variables held constant and all the Group's equity instruments move accordingly, the Group's carrying value would increase/decrease by £1.3 million (2021: £1.4 million).

The Group's exposure to commodity price risk is not significant.

(iii) Cash flow and interest rate risk

The Group's interest rate risk arises from interest-bearing assets and short and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 31 December 2022 if interest rates on non-sterling denominated interest-bearing assets and borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £0.1 million (2021: £0.2 million) higher/lower.

43 Financial instruments *(continued)*

The interest rate exposure of the Group's interest bearing assets and liabilities by currency, at 31 December was:

	Assets		Liabilities	
	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Sterling	9.7	*13.0*	18.8	*22.5*
US Dollar	21.6	*16.4*	–	*–*
Euro	0.2	*0.4*	–	*–*
Kenyan Shilling	10.0	*14.4*	0.2	*0.3*
Indian Rupee	2.9	*2.4*	7.0	*5.0*
Malawian Kwacha	0.7	*0.2*	0.5	*1.6*
Bangladesh Taka	2.6	*11.5*	1.1	*1.2*
South African Rand	0.8	*1.0*	3.3	*1.9*
Brazilian Real	0.4	*1.8*	–	*–*
Bermudian Dollar	0.2	*0.4*	–	*–*
Japanese Yen	0.1	*0.3*	–	*–*
Swiss Franc	0.1	*–*	–	*–*
	49.3	*61.8*	30.9	*32.5*

(B) Credit risk
The Group has policies in place to limit its exposure to credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If customers are independently rated, these ratings are used. Otherwise if there is no independent rating, management assesses the credit quality of the customer taking into account its financial position, past experience and other factors and if appropriate holding liens over stock and receiving payments in advance of services or goods as required. Management monitors the utilisation of credit limits regularly.

The Group has a large number of trade receivables, the largest five receivables at the year end comprise 25 per cent. (2021: 21 per cent.) of total trade receivables.

(C) Liquidity risk
Ultimate responsibility for liquidity risk management rests with the board of Directors. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and managing the maturity profiles of financial assets and liabilities.

At 31 December 2022, the Group had undrawn committed facilities of £22.4 million (2021: £23.7 million), all of which are due to be reviewed within one year.

43 Financial instruments *(continued)*

The table below analyses the Group's financial assets and liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than 1 year £'m	Between 1 and 2 years £'m	Between 2 and 5 years £'m	Over 5 years £'m	Undated £'m	Total £'m
At 31 December 2022						
Assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	25.7	25.7
Financial asset at fair value through profit or loss	1.3	7.3	–	–	–	8.6
Financial assets at amortised cost	–	1.3	–	–	–	1.3
Trade and other receivables excluding prepayments	52.9	3.1	–	–	–	56.0
Cash and cash equivalents	49.3	–	–	–	–	49.3
	103.5	11.7	–	–	25.7	140.9
Liabilities						
Borrowings	5.1	1.1	1.1	2.2	–	9.5
Lease liabilities	2.3	2.3	5.4	11.4	–	21.4
Trade and other payables excluding taxation	57.4	–	–	–	–	57.4
	64.8	3.4	6.5	13.6	–	88.3
At 31 December 2021						
Assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	27.7	27.7
Financial asset at fair value through profit or loss	2.7	7.2	–	–	–	9.9
Financial assets at amortised cost	1.3	1.3	–	–	–	2.6
Trade and other receivables excluding prepayments	37.6	2.7	–	–	–	40.3
Cash and cash equivalents	61.8	–	–	–	–	61.8
	103.4	11.2	–	–	27.7	142.3
Liabilities						
Borrowings	3.3	0.7	1.2	2.6	–	7.8
Lease liabilities	3.2	2.3	5.0	14.2	–	24.7
Trade and other payables excluding taxation	54.4	–	–	–	–	54.4
	60.9	3.0	6.2	16.8	–	86.9

Included in borrowings due in less than 1 year is £3.7 million (2021: £1.9 million) repayable on demand.

44 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the Group at 31 December 2022, are set out below and are wholly owned and incorporated in Great Britain unless otherwise stated. The holdings are in ordinary shares or equivalent unless otherwise stated.

	Principal country of operation	Registered Office
Agriculture		
Amgoorie India Limited (Incorporated in India - 99.8 per cent. holding)	India	*(ii)*
Amo Tea Company Limited	Bangladesh	*(i)*
Bardsley & Sons Limited	UK	*(i)*
Bardsley Fruit Enterprises Limited	UK	*(i)*
Bardsley Fruit Farming Limited	UK	*(i)*
Bardsley HiCo Limited	UK	*(i)*
Bardsley Horticulture Limited	UK	*(i)*
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil)	Brazil	*(vi)*
Chittagong Warehouse Limited (Incorporated in Bangladesh - 93.3 per cent. holding)	Bangladesh	*(vii)*
Duncan Brothers Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa	*(viii)*
Eastern Produce Estates South Africa (Pty) Limited (Incorporated in South Africa - held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(ix)*
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya	*(x)*
Eastern Produce Malawi Limited (Incorporated in Malawi– 73.2 per cent. holding)	Malawi	*(xii)*
Eastern Produce Regional Services Limited (Incorporated in Kenya)	Kenya	*(x)*
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa	*(ix)*
Eastland Camellia Limited (Incorporated in Bangladesh - 93.8 per cent. holding)	Bangladesh	*(vii)*
EP(T) East Africa Limited (Incorporated in Tanzania)	Tanzania	*(xvii)*
Goodricke Group Limited (Incorporated in India - 74.0 per cent. holding)	India	*(iii)*
Goodricke Tech Limited (Incorporated in India - 99.8 per cent. holding)	India	*(iii)*
Kakuzi Plc (Incorporated in Kenya – 50.7 per cent. holding)	Kenya	*(xi)*
Koomber Tea Company Limited (Incorporated in India)	India	*(iv)*
Jing Tea Limited (95.0 per cent. holding)	UK	*(i)*
Newmafruit Limited	UK	*(i)*
Octavius Steel & Company of Bangladesh Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Robertson Bois Dickson Anderson Limited	UK	*(i)*
Stewart Holl (India) Limited (Incorporated in India - 92.0 per cent. holding)	India	*(v)*
Surmah Valley Tea Company Limited	Bangladesh	*(i)*
The Allynugger Tea Company Limited	Bangladesh	*(i)*
The Chandpore Tea Company Limited	Bangladesh	*(i)*
The Lungla (Sylhet) Tea Company Limited	Bangladesh	*(i)*
The Mazdehee Tea Company Limited	Bangladesh	*(i)*
Victoria Investments Limited (Incorporated in Malawi– 73.2 per cent. holding)	Malawi	*(xii)*
Zetmac (Pty) Limited (Incorporated in South Africa - 55.8 per cent. held by Eastern Produce Estates South Africa (Pty) Limited)	South Africa	*(ix)*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Engineering		
AJT Engineering Limited	UK	*(xiv)*
Investment Holding		
Assam Dooars Investments Limited	UK	*(i)*
Associated Fisheries Limited	UK	*(i)*
Borbam Limited (Incorporated in India - 99.8 per cent. holding)	India	*(iii)*
Bordure Limited	UK	*(i)*
Duncan Properties Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Eastern Produce Investments Limited	UK	*(i)*
Elgin Investments Limited (Incorporated in India - 99.8 per cent. holding)	India	*(iii)*
Endogram Limited	India	*(iii)*
EP USA Inc. (Incorporated in the United States of America)	USA	*(xiii)*
EP California Inc. (Incorporated in the United States of America)	USA	*(xiii)*
John Ingham & Sons Limited	UK	*(i)*
Koomber Properties Limited (Incorporated in India - 94.0 per cent. holding)	India	*(iii)*
Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda	*(xvi)*
Lawrie Group Plc (Owned directly by the Company)	UK	*(i)*
Lawrie International Limited (Incorporated in Bermuda)	Bermuda	*(xvi)*
Lebong Investments Limited (Incorporated in India - 94.0 per cent. holding)	India	*(iii)*
Linton Park Plc (Owned directly by the Company)	UK	*(i)*
Lintak Investments Limited (Incorporated in Kenya)	Kenya	*(x)*
Longbourne Holdings Limited	Bangladesh	*(i)*
Plantation House Investments Limited (Incorporated in Malawi - 50.2 per cent. held by subsidiaries)	Malawi	*(xii)*
Unochrome Industries Limited	UK	*(i)*
Western Dooars Investments Limited	UK	*(i)*
Other		
Duncan Products Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Hobart Place Nominees Limited	UK	*(i)*
Linton Park Services Limited	UK	*(i)*
Dormant companies		
ACS&T Gloucester Limited (in liquidation)	UK	*(i)*
ACS&T Grimsby Limited (in liquidation)	UK	*(i)*
ACS&T Humberside Limited (in liquidation)	UK	*(i)*
ACS&T Seamer Limited (in liquidation)	UK	*(i)*
ACS&T Tewkesbury Limited (in liquidation)	UK	*(i)*
ACS&T Wolverhampton Limited (in liquidation)	UK	*(i)*
Alex Lawrie & Company Limited	UK	*(i)*
Amgoorie Investments Limited	UK	*(i)*
Assam-Dooars Holdings Limited	UK	*(i)*
Associated Fisheries (Europe) Limited	UK	*(i)*
Banbury Tea Warehouses Limited	UK	*(i)*
Black Gold Oil Tools Limited (in liquidation)	UK	*(xiv)*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Dormant companies *(continued)*		
Blantyre & East Africa Limited	UK	*(xiv)*
Blantyre Insurance & General Agencies Limited (Incorporated in Malawi – Eastern Produce Malawi Limited)	Malawi	*(xii)*
Bonathaba Farms (Pty) Limited (Incorporated in South Africa)	South Africa	*(viii)*
British African Tea Estates (Holdings) Limited	UK	*(i)*
British African Tea Estates Limited	UK	*(i)*
British Indian Tea Company Limited (ordinary and preference shares)	UK	*(i)*
British United Trawlers Limited	UK	*(i)*
BUT Engineers (Fleetwood) Limited (in liquidation)	UK	*(i)*
BUT Engineers (Grimsby) Limited	UK	*(i)*
Camellia Investments Limited	UK	*(i)*
Chisambo Holdings Limited	UK	*(i)*
Chisambo Tea Estate Limited	UK	*(i)*
Cholo Holdings Limited	UK	*(i)*
Craighead Investments Limited	UK	*(i)*
David Field Limited	UK	*(i)*
East African Tea Plantations Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya	*(x)*
Eastern Produce Africa Limited	UK	*(i)*
Eastern Produce Kakuzi Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(x)*
EP (RBDA) Limited (Incorporated in Malawi – Eastern Produce Malawi Limited)	Malawi	*(xii)*
Estate Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(xi)*
G. F. Sleight & Sons Limited (in liquidation)	UK	*(i)*
Goodricke Lawrie Consultants Limited	UK	*(i)*
Gotha Tea Estates Limited	UK	*(i)*
Granton Transport Limited (in liquidation)	UK	*(xiv)*
Hamstead Village Investments Limited	UK	*(i)*
Hellyer Bros Limited	UK	*(i)*
Horace Hickling & Co. Limited	UK	*(i)*
Hudson Brothers Trawlers Limited (in liquidation)	UK	*(i)*
Humber Commercials Limited (in liquidation)	UK	*(i)*
Humber - St. Andrew’s Engineering Company Limited	UK	*(i)*
Isa Bheel Tea Company Limited (ordinary and preference shares)	UK	*(i)*
Jatel Plc	UK	*(i)*
Jetinga Holdings Limited	UK	*(i)*
Jetinga Valley Tea Company Limited	UK	*(i)*
Kaguru EPZ Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(xi)*
Kapsumbeiwa Factory Company Limited	UK	*(i)*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Dormant companies *(continued)*		
Kip Koimet Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya	*(x)*
Kumadzi Tea Estates Limited	UK	*(i)*
Lankapara Tea Company Limited	UK	*(i)*
Lawrie Plantation Services Limited	UK	*(i)*
Nasonia Tea Company Limited (Incorporated in Malawi)	Malawi	*(xii)*
Octavius Steel & Company (London) Limited	UK	*(i)*
Robert Hudson Holdings Limited (in liquidation)	UK	*(i)*
Rosehaugh (Africa) Limited	UK	*(i)*
Ruo Estates Limited	UK	*(i)*
Ruo Estates Holdings Limited	UK	*(i)*
Sandbach Export Limited	UK	*(i)*
Sapekoe Pusela (Pty) Limited (Incorporated in South Africa - held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(ix)*
Silverthorne-Gillott Limited	UK	*(i)*
S.I.S. Securities Limited	UK	*(i)*
Sterling Industrial Securities Limited	UK	*(i)*
Stewart Holl Investments Limited	UK	*(i)*
The Amgoorie Tea Estates Limited	UK	*(i)*
The Bagracote Tea Company, Limited (ordinary and preference shares)	UK	*(i)*
The Ceylon Upcountry Tea Estates Limited	UK	*(i)*
Dejoo Tea Company Limited	UK	*(i)*
The Dhoolie Tea Company Limited	UK	*(i)*
The Doolahat Tea Company Limited	UK	*(i)*
The Eastern Produce and Estates Company Limited	UK	*(i)*
The Endogram Tea Company Limited	UK	*(i)*
Jhanzie Tea Association Ltd	UK	*(i)*
The Harmutty Tea Company Limited	UK	*(i)*
The Kapsumbeiwa Tea Company Limited	UK	*(i)*
Longai Valley Tea Company Limited	UK	*(i)*
The Tyspane Tea Company Limited	UK	*(i)*
Thyolo Highlands Tea Estates Limited	UK	*(i)*
Vaghamon (Travancore) Tea Company Limited	UK	*(i)*
Walter Duncan & Goodricke Limited	UK	*(i)*
WDG Properties Limited	UK	*(i)*
Western Dooars Tea Holdings Limited (ordinary and preference shares)	UK	*(i)*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

Summarised financial information on subsidiaries with material non-controlling interests

Summarised balance sheet

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Current				
Assets	23.7	*24.0*	18.2	*14.8*
Liabilities	(19.0)	*(14.6)*	(14.1)	*(11.9)*
Total current net assets	4.7	*9.4*	4.1	*2.9*
Non-current				
Assets	28.2	*27.8*	26.8	*31.2*
Liabilities	(5.4)	*(5.3)*	(8.8)	*(9.4)*
Total non-current net assets	22.8	*22.5*	18.0	*21.8*
Net assets	27.5	*31.9*	22.1	*24.7*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Current				
Assets	3.6	*4.1*	35.2	*32.3*
Liabilities	(4.4)	*(3.7)*	(23.9)	*(20.2)*
Total current net (liabilities)/assets	(0.8)	*0.4*	11.3	*12.1*
Non-current				
Assets	10.3	*8.8*	36.5	*35.8*
Liabilities	(3.3)	*(2.9)*	(11.6)	*(12.5)*
Total non-current net assets	7.0	*5.9*	24.9	*23.3*
Net assets	6.2	*6.3*	36.2	*35.4*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Kakuzi Plc as at 31 December 2022 £'m	*2021 £'m*
Current		
Assets	21.6	*18.7*
Liabilities	(2.6)	*(2.5)*
Total current net assets	19.0	*16.2*
Non-current		
Assets	27.6	*26.3*
Liabilities	(7.8)	*(6.8)*
Total non-current net assets	19.8	*19.5*
Net assets	38.8	*35.7*

Summarised income statement

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Revenue	40.6	*36.5*	30.1	*25.3*
Profit before tax	9.9	*7.0*	0.7	*1.2*
Taxation	(3.2)	*(2.1)*	(0.6)	*(0.6)*
Other comprehensive income/(expense)	1.1	*(0.8)*	(2.6)	*(1.2)*
Total comprehensive income/(expense)	7.8	*4.1*	(2.5)	*(0.6)*
Total comprehensive income/(expense) allocated to non-controlling interests	2.3	*1.2*	*(0.7)*	*(0.2)*
Dividends paid to non-controlling interests	3.7	*0.2*	–	–

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Revenue	5.5	*3.4*	90.5	*84.6*
(Loss)/profit before tax	(0.8)	*(0.4)*	0.4	*0.6*
Taxation	0.2	*0.1*	(0.3)	*(0.1)*
Other comprehensive income/(expense)	0.4	*(0.5)*	1.4	*(1.4)*
Total comprehensive (expense)/income	(0.2)	*(0.8)*	1.5	*(0.9)*
Total comprehensive (expense)/income allocated to non-controlling interests	–	*(0.2)*	0.4	*(0.2)*
Dividends paid to non-controlling interests	–	*–*	0.2	*0.2*

	Kakuzi Plc for year ended 31 December	
	2022 £'m	*2021 £'m*
Revenue	30.5	*21.8*
Profit before tax	7.3	*3.3*
Taxation	(2.3)	*(1.1)*
Other comprehensive income/(expense)	1.1	*(0.9)*
Total comprehensive income	6.1	*1.3*
Total comprehensive income allocated to non-controlling interests	3.0	*0.6*
Dividends paid to non-controlling interests	1.5	*1.2*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

Summarised cash flows

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2022	*2021*	2022	*2021*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	14.0	*4.4*	2.6	*1.7*
Net interest received/(paid)	0.9	*0.7*	(0.5)	*(0.5)*
Income tax paid	(3.0)	*(2.1)*	0.4	*(0.7)*
Net cash generated from operating activities	11.9	*3.0*	2.5	*0.5*
Net cash used in investing activities	(0.5)	*(1.0)*	(0.6)	*(0.1)*
Net cash used in financing activities	(12.3)	*(0.7)*	–	*–*
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(0.9)	*1.3*	1.9	*0.4*
Cash, cash equivalents and bank overdrafts at beginning of year	13.6	*12.3*	(0.6)	*(1.2)*
Exchange gains on cash and cash equivalents	1.2	*–*	0.2	*0.2*
Cash, cash equivalents and bank overdrafts at end of year	13.9	*13.6*	1.5	*(0.6)*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2022 £'m	*2021 £'m*	2022 £'m	*2021 £'m*
Cash flows from operating activities				
Cash generated from operations	0.6	*(0.8)*	1.1	*4.3*
Net interest paid	(0.3)	*(0.2)*	–	*–*
Income tax paid	–	*–*	(0.1)	*(0.1)*
Net cash generated/(used in) from operating activities	0.3	*(1.0)*	1.0	*4.2*
Net cash used in investing activities	(1.4)	*(1.1)*	(1.6)	*(1.0)*
Net cash generated from/(used in) financing activities	1.2	*2.0*	(1.9)	*(2.5)*
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	0.1	*(0.1)*	(2.5)	*0.7*
Cash, cash equivalents and bank overdrafts at beginning of year	1.1	*1.4*	1.2	*0.5*
Exchange gains/(losses) on cash and cash equivalents	0.1	*(0.2)*	0.1	*-*
Cash, cash equivalents and bank overdrafts at end of year	1.3	*1.1*	(1.2)	*1.2*

	Kakuzi Plc for year ended 31 December	
	2022 £'m	*2021 £'m*
Cash flows from operating activities		
Cash generated from operations	11.6	*8.5*
Net interest received	0.5	*0.5*
Income tax paid	(1.4)	*(0.9)*
Net cash generated from operating activities	10.7	*8.1*
Net cash generated used in investing activities	(10.0)	*(6.0)*
Net cash used in financing activities	(3.0)	*(2.3)*
Net decrease in cash and cash equivalents and bank overdrafts	(2.3)	*(0.2)*
Cash, cash equivalents and bank overdrafts at beginning of year	10.8	*11.2*
Exchange gains/(losses) on cash and cash equivalents	1.0	*(0.2)*
Cash, cash equivalents and bank overdrafts at end of year	9.5	*10.8*

44 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

Associated undertakings
The principal associated undertakings of the Group at 31 December 2022 were:

	Principal country of operation	Registered Office	Accounting date 2022	Group interest in equity capital per cent.
Insurance and banking				
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	*(xv)*	31 December	36.9
United Finance Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	38.4
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	37.0

44 Subsidiary and associated undertakings *(continued)*

Registered Offices:

(i) Wrotham Place
Bull Lane
Wrotham
Near Sevenoaks
Kent
TN15 7AE
England

(ii) Amgoorie Tea Garden
PO: Amguri
Haloating - 785 681
Dist: Sibsagar
Assam
India

(iii) Camellia House
14 Gurusaday Road
Kolkata - 700019
West Bengal
India

(iv) Koomber Tea Garden
PO: Kumbhir
Cachar - 788 108
Assam
India

(v) Sessa Tea Garden
PO: Dibrugarh - 786001
Dist: Dibrugarh
Assam
India

(vi) Fazenda Maruque s/n
sala 03
Bairro Maruque
Itaberá
São Paulo
Brazil

(vii) Camellia House
22 Kazi Nazrul Islam
Avenue
Dhaka 1000
Bangladesh

(viii) Slangrivier Road
Slangrivier Plaas
Wellington
7655
South Africa

(ix) 7 Windsor Street
Tzaneen
850
Limpopo Province
South Africa

(x) New Rehema House
Rhapta Road
Westlands
P O Box 45560
GPO 00100
Nairobi
Kenya

(xi) Main Office
Punda Milia Road
Makuyu
P O Box 24
01000 Thika
Kenya

(xii) PO Box 53
Mulanje
Malawi

(xiii) 1368 W Herndon Ave
#103
Fresno
California 93711
USA

(xiv) Craigshaw Crescent
West Tullos
Aberdeen
AB12 3TB
Scotland

(xv) 112 Pitts Bay Road
Pembroke
Bermuda
HM08

(xvi) Clarendon House
2 Church Street
Hamilton
Bermuda
HM11

(xvii) 3rd Floor
180 Msasani Bay
Msasani
Dar Es salaam
Tanzania

45 Control of Camellia Plc

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

The activities of Camellia Plc and its group (the “Camellia Group”) are conducted independently of the Foundation. Simon Turner, who is a Director of Camellia Plc, is also a director of The Camellia Private Trust Company and the president of the board of the trustee of the Foundation. While The Camellia Private Trust Company Limited as a trustee of the Foundation maintains its rights as a shareholder, it has not participated in, and has confirmed to the board of Camellia Plc that it has no intention of participating in, the day to day running of the business of the Camellia Group. The Camellia Private Trust Company Limited has also confirmed its agreement that where any director of Camellia Plc is for the time being connected with the Foundation, he should not exercise any voting rights as a director of Camellia Plc in relation to any matter concerning the Camellia Group’s interest in any assets in which the Foundation also has a material interest otherwise than through Camellia Plc.

46 Related party transactions

Group

During the year the Group received rental income from the Foundation of £nil (2021: £18,620).

During the year the Group paid contributions to the overseas pension and post-employment schemes of £1,930,199 (2021: £3,775,062).

Company

The Company receives financial and secretarial services from Linton Park Plc, a directly owned subsidiary undertaking. The amount payable for these services for 2022 was £422,081 (2021: £433,300). At 31 December 2022 £3,621,361 (2021: £3,029,941) is owed to Linton Park Plc and is unsecured, interest free and has no fixed terms of repayment.

Amounts due to Lawrie Group Plc, a directly owned subsidiary undertaking of £16,519,492 (2021: £13,409,492) include an unsecured loan note of £4,191,777 (2021: £4,191,777). The company received interest of £167,671 (2021: £167,671) on this unsecured loan note. The remaining balance is unsecured, interest free and has no fixed terms of repayment.

Balances receivable and payable from/to other Group companies at 31 December 2022 amounted to £2,052,715 (2021: £1,879,504) and £193,185 (2021: £193,187) respectively and are unsecured, interest free and have no fixed terms of repayment.

47 Subsequent events

There were no adjusting post balance sheet events.

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF CAMELLIA PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Camellia Plc (the ‘parent company’) and its subsidiaries (the ‘Group’) give a true and fair view of the state of the Group’s and of the parent company’s affairs as at 31 December 2022 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statement;
- the basis of preparation and statement of accounting policies;
- the notes 1 to 47 related to the consolidated financial statements; and
- the notes 1 to 47 related to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Revenue recognition;
- Impairment of goodwill and intangible assets.

Within this report, key audit matters are identified as follows:

Newly identified

Increased level of risk

Similar level of risk

Decreased level of risk

Materiality

The materiality that we used for the Group financial statements was £1.28m which was determined on the basis of revenue.

Scoping

We consider the principal business units to reflect the components of the Group as this is how management monitor and control the business. Our scope covered 46 components of the Group. Of these, 35 were subjected to a full-scope audit whilst the 11 remaining were subject to specific audit procedures.

Our scoping provides coverage of 100% of the Group's revenue, 98% of the Group's result before tax and 72% of the Group's net assets.

Significant changes in our approach

Changes in component scoping:
We performed full scope audit on Brazil component in current year (2021: specified audit procedures). The component contributed over 10% of results before tax.

Changes in key audit matters:

- In prior year, acquisition accounting was considered a key audit matter but we no longer report this as a key audit matter as there have been no new acquisitions in the year.
- In the prior year, Provisions for uncertain tax positions and legal matters was considered to be a key audit matter due to impact of litigation concerning the Group's East African operations first identified in 2020. There are no significant provisions or contingent liabilities remaining from this issue. Other than the ongoing legacy matters, we have not identified any further significant potential litigation and therefore, we no longer report this as a key audit matter in current year.
- In the prior year the Fair value of biological assets was considered to be a key audit matter due to complexities and judgements involved. We no longer report this as a key audit matter based upon prior year audit experience.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the latest cash flow forecasts of the Group to determine whether these are consistent with the forecasts used during the impairment review; and assess the Directors' going concern assessment.
- Assessing copies of any existing and new facilities and assessing the Group's cash forecasts against available facilities and the required repayment profiles of debt and interest.
- Assessing the facilities and its availability and compliance with covenants.
- Evaluating each of the sensitivities adopted by management and assessing downside scenarios of cash headroom over the forecast period by performing our own sensitivity analyses to assess the solvency of the Group over the going concern review period.
- Assessing the reasonability of the assumptions that management have used in their cash forecasts; and
- Assessing the adequacy of the financial statement disclosures in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Revenue Recognition

Key audit matter description	The Group's agricultural operations involve a wide range of customer delivery models, including auction and retail sales. Given the complexity of the Group's operations and the terms of business with buyers, there is a risk of inappropriate cut-off of revenue recognition around the balance sheet date. The Group's agricultural revenue is included within Sale of Goods of £283.0m (2021: £238.9m) disclosed in note 2 to the financial statements. Further information regarding the agricultural revenue recognition policy is in the principal accounting policies disclosed in the financial statements.

How the scope of our audit responded to the key audit matter	We have performed the following procedures in order to address the key audit matter: ■ Obtained an understanding of the processes and controls used to record revenue transactions. ■ Assessed commercial arrangements to determine the correct point of revenue recognition of different type of shipments. ■ Assessed whether revenue was recorded in the correct period and whether cut-off of revenue is appropriate by agreeing a sample of revenue transactions during the period either side of the balance sheet date to the relevant terms of business, dispatch or delivery documentation as appropriate. ■ Examined material journal entries that were posted to revenue accounts and obtained supporting evidence to test the appropriateness of revenue recognition.
Key observations	From the work performed, we have concluded that revenue is appropriately recognised in the correct accounting period.

5.2 Impairment of goodwill and intangible assets

Key audit matter description	The Group holds £6.3m (2021: £10.1m) of intangible assets including £1.0m (2021: £4.6m) allocated to goodwill and £3.6m (2021: £3.6m) allocated to Jing Tea brand. Please also refer to the Critical accounting estimates and judgments within accounting policies and Note 16 to the accounts. The risk in relation to intangibles relates to (i) Brand value relating to Jing Tea Limited, (ii) Goodwill on the past acquisition of tea estates in India by Goodricke Group Limited and Amgoorie India Limited and (iii) Goodwill related to the prior year acquisition of Bardsley Group. There is risk that these cash generating units (CGUs) or groups of CGUs may not achieve the anticipated business performance to support their carrying value, or that the estimated fair value of the CGUs may not support their carrying value. This could lead to an impairment charge that has not been recognised by management. The Group's impairment assessment of CGUs to which goodwill is allocated in accordance with IAS 36 *Impairment of Assets* are determined based upon value in use calculations and where relevant fair value less costs to sell calculations and are performed by management with the help pf external valuers where applicable. The estimates and assumptions used within the cashflow projections require estimates, including significant assumptions regarding future royalty rates, discount rates and cashflows. Intangible assets are disclosed in note 16 to the financial statements, the valuation is discussed as sources of estimation uncertainty, and the valuation policy is disclosed in the principal accounting policies.

How the scope of our audit responded to the key audit matter	We have performed the following procedures in response to the key audit matter: ■ Obtained an understanding of the processes and relevant controls related to the impairment review of intangible assets and goodwill. ■ Checked the arithmetical accuracy of the value in use and Fair value less cost to sell calculations. We evaluated the current year changes to the key assumptions and assessed retrospectively whether prior year assumptions were appropriate. ■ Involved our valuation specialists in evaluating management's royalty and discount rates. We benchmarked the royalty rate and discount rate to comparable companies and considered the underlying assumptions based on our knowledge of the group and its industry. ■ Assessed the accuracy of management's revenue and cash flow projections by comparing historical forecasts with actual cash flows. We assesed whether forecast cash flows were consistent with Board approved forecasts. We also performed sensitivity analysis as part of our overall evaluation of forecast cash flows. ■ Assessed the valuation reports issued by third party external valuers by comparing them with similar market transactions. We also held discussions with the valuers to challenge the methods and assumptions used for determining the fair value. ■ Evaluated the competence, capabilities and objectivity of third party external valuers. ■ Assessed the financial statements disclosures in relation to the impairment assessments performed. ■ Also assessed the adequacy of the Group's disclosures including the need to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment. ■ We have considered the key potential impacts of climate change
Key observations	From the work performed, we have concluded that impairment of goodwill and intangible assets is appropriately recognised in accordance with IAS 36. In addition the relevant disclosures are appropriate based on the results of our work.

6. Our application of materiality

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1.28m (2021: £0.9m)	£0.4m (2021: £0.3m)
Basis for determining materiality	0.4% of Revenue (2021: 0.3% of revenue).	2% of net assets, capped at 35% of group materiality (2021: 2% of net assets, capped at 35% of group materiality)
Rationale for the benchmark applied	We note that the overall size of the business, demonstrated by revenue, has remained broadly consistent with the prior year therefore we conclude that the basis for materiality was deemed appropriate. Revenue is deemed an important benchmark for users to determine growth and performance of the Group.	We have used net assets measure given that the parent company is a holding company, generating no revenue

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we have considered the following factors: ■ There have been no changes to the business in their operation or financial reporting process. ■ The Group has a history of correcting identified misstatements and the remaining uncorrected misstatements are historically below performance materiality. ■ The quality of the control environment, hence the decreased likelihood of significant misstatements occurring.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £64,000 (2021: £43,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

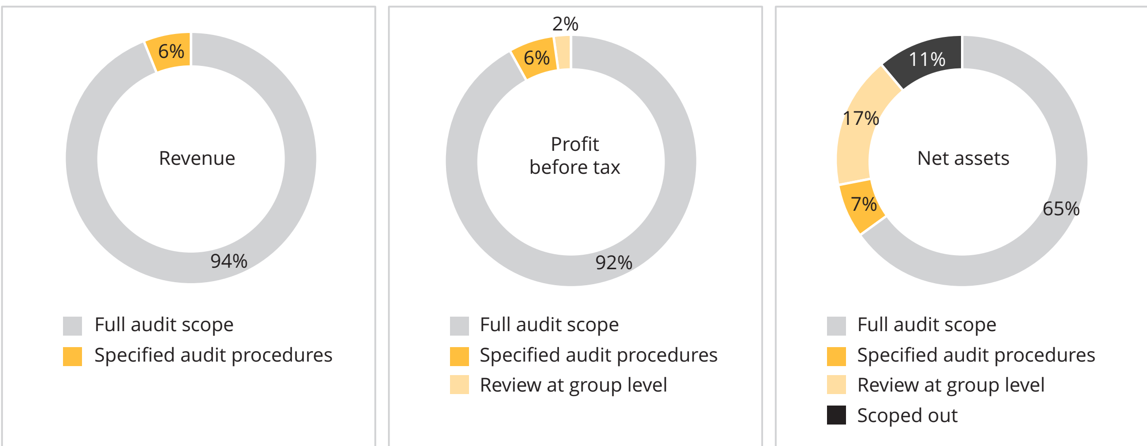
7. An overview of the scope of our audit

7.1 Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. The Group undertakes agricultural operations in countries across Africa, South America and Asia, with its principal crops grown in Bangladesh, India, Kenya and Malawi. The Group's engineering operations as well as apple and pears orchards, acquired in prior year, are located in the UK. Of the Group's 55 principal components, 35 were subject to a full audit and 11 were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations. We performed a full scope audit on the Brazil component in current year (2021: specified audit procedures). The component contributed over 10% of results before tax.

These 46 components represent the principal business units and account for 100% (2021: 99%) of the Group's revenue and 98% (2021: 86%) of the Group's results before tax and 72% (2021: 87%) of the Group's net assets. The remaining components were subject to analytical review procedures by the Group audit team or were scoped out on the basis of being dormant or immaterial. Our audit work on these components in addition to the parent entity was executed to lower levels of materiality of £0.4m to (35%) of group materiality (2021: £0.3m (35%)).

The parent company is located in the UK and audited directly by the group audit team. At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.



7.2 Our consideration of the control environment
Our risk assessment procedures include obtaining an understanding of relevant controls to the audit.

Consistent with previous years, we have obtained an understanding of relevant controls on the following areas:

- Financial reporting process; and
- Impairment of intangibles.

This covered some of the key accounting and reporting tools that are used by management and the interface between various systems.

7.3 Working with other auditors
The Group audit team are responsible for the scope and direction of the audit process and provide direct oversight, review, and coordination of our component audit teams. We interacted regularly with the component team during each stage of the audit and reviewed key working papers. In September 2022, we held a group-wide planning meeting, in which we set out the materiality and scoping for component teams, as well as considering significant risks across the Group. We also held planning meetings with each of our specialists, involving our component teams where relevant.

During our interim and year-end audit, we held regular catch-up meetings with components to monitor progress and highlight any issues arising. The Senior Statutory Auditor participated in all of the final close meetings of the group's significant components. The Senior Statutory Auditor or another senior members of the group audit team carried out a review of the component auditor files.

Our oversight of component auditors focused on the planning of their audit work and key judgements made. In particular, our supervision and direction focused on the work performed in relation to key audit matters by component teams including revenue recognition and impairment of intangible assets and goodwill.

As part of our monitoring of component auditors, we have also attended key audit close meetings.

7.4.Our consideration of climate-related risks
Management has considered transition and physical risks when factoring in climate change as part of their risk assessment process when considering the principal risks and uncertainties facing the Group. This is set out in the strategic report on pages 21 to 31 and the principal risks set out on pages 22 to 27. The areas of the financial statements that are notably impacted by climate-related matters are associated with future forecasts in the medium to long term. From the financial statements' perspective, these risks have been focused on the valuation of goodwill and other intangible assets and Biological assets. This is consistent with our evaluation of the climate-related risks facing the Group and is linked to the key audit matter as highlighted in section 5.2 above. In addition, we have:

- assessed the key financial statement line items and estimates which are more likely to be materially impacted by climate change risks given the more notable impacts of climate change on the business are expected to arise in the medium to long term.
- challenged how the Directors considered climate change in their assessment on the Group's operations based on our understanding of the business environment and by benchmarking relevant assumptions with market data.
- involved our Environmental Social and Governance (ESG) specialist in challenging the group's climate risk assessments.
- Read the climate risk disclosures included throughout the strategic report section of the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group’s and the parent company’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, ESG and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area – revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's health, safety and environmental regulations (carbon reduction, etc), Bribery Act and employee laws.

11.2 Audit response to risks identified
As a result of performing the above, we identified revenue recognition as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports; and

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1 Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Makhan Chahal ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom

3 May 2023

FIVE YEAR RECORD

	2022 £'m	2021 £'m *Restated	2020 £'m *Restated	2019 £'m *Restated	2018 £'m *Restated
Revenue-continuing operations	297.2	255.3	270.1	266.0	281.3
(Loss)/profit before tax	(3.7)	7.1	7.2	20.5	50.3
Taxation	(12.2)	(2.6)	(8.6)	(7.2)	(20.0)
(Loss)/profit from continuing operations	(15.9)	4.5	(1.4)	13.3	30.3
Profit from discontinued operations	7.6	–	0.6	1.8	2.0
Profit/(loss) attributable to owners of the parent	(13.0)	2.3	(5.0)	8.3	25.2
Equity dividends paid	4.0	5.2	2.8	4.0	3.8
Equity					
Called up share capital	0.3	0.3	0.3	0.3	0.3
Reserves	368.6	388.3	376.3	395.4	395.2
Total shareholders' funds	368.9	388.6	376.6	395.7	395.5
Earnings/(loss) per share - continuing operations	(745.8) p	83.3 p	(202.8) p	235.3 p	839.9 p
Earnings/(loss) per share - continuing and discontinued operations	(470.7) p	83.3 p	(181.0) p	300.5 p	912.4 p
Dividend paid per share	146 p	188 p	102 p	144 p	138 p

* The comparative figures have been restated following the disposal of Associated Cold Stores & Transport Limited

Appendix 1: Global (excluding UK) GHG emissions and energy use data for the year to 31 December

Reporting year *Group sectors reported*	*2022* *Global* *(Excluding UK)*	*2021* *Global* *(Excluding UK)*	*2020* *Global* *(Excluding UK)*	*2019* *Global* *(Excluding UK)*
Emissions from combustion of LPG and Natural gas (Scope 1) (tCO_2e)	22,867	24,008	21,555	25,350
Emissions from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (tCO_2e)	15,030	14,866	15,324	17,501
Emissions from the combustion of coal (Scope 1) (tCO_2e)	72,343	71,000	80,217	88,377
Emissions from combustion of firewood and other fuels (Scope 1) (tCO_2e)	3,386	3,816	3,819	3,558
Emissions from fertilisers, waste, livestock, land use change and refrigerants (Scope 1) (tCO_2e)	40,833	43,163	43,312	46,290
Emissions from purchase of electricity for own use (Scope 2, location-based) (tCO_2e)	40,434	41,958	42,717	47,625
Emissions from purchase of electricity for own use (Scope 2, market-based*) (tCO_2e)	40,434	41,942	42,717	47,625
Emissions from purchase of electricity, heat, steam, and cooling purchased for own use (Scope 2, location-based) (tCO_2e)	40,434	41,958	42,717	47,625
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO_2e)**	180	132	n/a	n/a
Total gross Scope 1 and Scope 2 emissions (location-based) (tCO_2e)	194,942	198,811	206,944	228,701
Total gross Scope 1 and Scope 2 emissions (market-based) (tCO_2e)	194,942	198,795	206,944	228,701
Intensity ratio: Kg CO_2e/Kg of made tea	1.36	1.29	1.40	1.51
Energy equivalent from combustion of LPG and Natural gas (Scope 1) (GWh)	124.6	130.5	117.0	137.2
Energy equivalent from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (GWh)	61.5	61.5	62.8	71.0
Energy equivalent from the combustion of coal (Scope 1) (GWh)	222.9	219.4	250.4	266.3
Energy equivalent from combustion of firewood and other fuels (Scope 1) (GWh)	234.9	250.9	247.2	227.7
Electricity purchased for own use (Scope 2) (GWh)	92.0	91.4	90.5	95.5
Renewable electricity generated for own use (Scope 2) (Gwh)	1.0	0.9	0.9	0.6
Energy equivalent from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (GWh)**	0.5	0.5	n/a	n/a

* 2020 is the first reporting period for which we reported our scope 2 market-based emissions
** 2021 was the first reporting period for which we reported our scope 3 business travel in rental cars or employee-owned vehicles

Appendix 2: UK GHG emissions and energy use data for the year to 31 December

Reporting year *Group sectors reported*	*2022* *UK*	*2021* *UK*	*2020* *UK*	*2019* *UK*
Emissions from combustion of LPG and Natural gas (Scope 1) (tCO_2e)	799	1,202	1,591	1,939
Emissions from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (tCO_2e)	4,344	4,087	3,744	5,069
Emissions from combustion of other fuels (Scope 1) (tCO_2e)	549	362	88	122
Emissions from fertilisers, waste, livestock, land use change, and refrigerants (Scope 1) (tCO_2e)	245	67	13	17
Emissions from purchase of electricity for own use (Scope 2, location-based) (tCO_2e)	4,125	4,408	5,130	5,316
Emissions from purchase of electricity for own use (Scope 2, market-based*) (tCO_2e)	991	1,171	32	n/a
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location- based) (tCO_2e)	4,125	4,408	5,130	5,316
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel** (Scope 3) (tCO_2e)	68	15	n/a	n/a
Total gross Scope 1 and Scope 2 emissions (location-based) (tCO_2e)	10,062	10,126	10,566	12,463
Total gross Scope 1 and Scope 2 emissions (market-based) (tCO_2e)	6,928	6,889	5,468	n/a
Energy equivalent from combustion of LPG and Natural gas (Scope 1) (GWh)	4.3	6.5	8.6	10.5
Energy equivalent from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (GWh)	17.0	17.3	15.6	20.8
Energy equivalent from combustion of other fuels (Scope 1) (GWh)	2.1	1.4	0.3	0.5
Electricity purchased for own use (Scope 2) (GWh)	21.3	20.8	22.0	21.5
Energy equivalent from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (GWh)	0.3	0.0	n/a	n/a

* 2020 is the first reporting period for which we reported our Scope 2 market-based emissions. The increase in market-based emissions in 2021 was primarily due to the inclusion of Bardsley England.
** 2021 was the first reporting period for which we reported our Scope 3 business travel in rental cars or employee-owned vehicles.

Appendix 3: SECR reporting methodology

The scope of the reporting for SECR purposes was determined by including the businesses in which the Group owns majority holdings and/or fully operates. We are working to capture anything that falls outside this boundary within the Group's reporting of its Scope 3 emissions, which is under development.

It includes GHG (Greenhouse Gas) emissions and energy use by businesses that were divested during the reporting period up to the date of transfer of risk and reward pertaining to those businesses. Similarly, it includes business that were acquired during the reporting period from the date of transfer of risk and reward pertaining to those businesses. The reporting period aligns with the Group's financial reporting period. The reported figures are an aggregation of emissions and energy consumption by the Group's reporting units. A reporting unit is defined as a geographically located operating entity or group of entities. For example, the India group of companies is defined as one reporting unit. Within a reporting unit distinction is made between different sites, field operations and factory operations.

The conversion and emission factors used in calculating the Group's emissions are as per those published by the UK Department for Business, Energy and Industrial Strategy and the UK Department for Environment, Food and Rural Affairs (Defra) and the Intergovernmental Panel on Climate Change (IPCC), which are in line with the GHG Protocol guidance. The non-UK electricity emission factors are sourced from the International Energy Agency for Scope 2 location-based reporting. For Scope 2 market-based reporting they are sourced directly from the electricity suppliers, where available. For global (excluding UK) market-based emissions in regions where renewable energy certificate (REC) systems are not developed, market-based emission factors are calculated using location-based grid average emission factors. For UK market-based emissions, where supplier specific emission rates could not be determined due to unavailability of data, UK residual mix emission factors were used.

A standardised reporting tool is used to capture the Group's environmental and energy data. Year on year trends in the data are analysed and understood. Where estimates are used these are disclosed and assessed in terms of magnitude as part of the overall data quality.

Every effort is made to ensure the environmental data that we report is accurate. However, should more accurate or complete data be available for prior years, we will restate if it results in a movement of at least 5% in the reported data. We may restate carbon emissions even when there is no change in consumption data, due to corrections to the emissions factors provided by Defra.

The Scope 3 element pertaining to energy use and CO_2e emissions from rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel or where the company reimburses the employee for the fuel has been estimated based on an estimate of the kilometres travelled by employees under this category. We did not estimate this category for prior years since its share of the Group's total carbon footprint is relatively immaterial.