

Camellia Plc

Annual financial report for year ended 31 December 2014

Highlights from the results

	Year ended 31 December 2014	Year ended 31 December 2013
	£'000	£'000
Revenue	238,868	251,267
Trading profit	11,112	31,183
Profit before tax	21,983	59,648
Headline profit before tax	17,228	38,150
Profit for the year	8,310	37,543
Earnings per share	102.7 p	1,020.2 p
Final dividend	92 p	91 p

For further enquiries please contact Camellia Plc

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Notes for editors

AKD Engineering is a wholly owned subsidiary of Camellia Plc and employs 113 staff at Horn Hill, Lowestoft. It has been in operation for 60 years, originally manufacturing diesel engines for the local ship building industry, before becoming an engineering services provider to the Oil and Gas industry.

Camellia Plc (CAM.L) is a global agriculture and horticulture group, whose activities also extend to engineering, food storage and distribution, banking and financial services. The Company employs approximately 75,000 people globally.

The agriculture and horticulture division is engaged in the production of tea, edible nuts (macadamias, pistachios and almonds), citrus fruits, avocado, rubber, forestry, viticulture, cattle, other horticultural produce and general farming (maize and soya). The Company is one of the largest private tea producers world-wide with a total of 65 tea estates and 60 tea factories. The Company's main operations are in India, Bangladesh, Malawi and Kenya, where the tea is grown and produced. It also has notable agricultural operations, other than tea, in Brazil, California, Kenya, South Africa and Malawi.

The engineering division is engaged in precision engineering, cutting and grinding, fabrication, heat treatment, galvanising, powder coating and manufacture of stables, etch inspection and catalysts. These businesses are predominately UK based and serve customers in a number of sectors including the offshore oil and gas and aerospace sectors.

The food storage and distribution division is involved in frozen, chilled and ambient temperature food supply chain management providing cold storage, refrigerated transport and production support to several leading UK food manufacturers. It also specialises in frozen imports and distributes seafood products in Europe and supplies food service customers in the Netherlands with fish products.

The banking and financial services division comprises Duncan Lawrie, which provides an integrated suite of banking services, financial planning, investment management and trust and estate advice.

23 April 2015

Chairman's Statement

The headline profit before tax for the year to 31 December 2014 amounted to £17.23 million compared with £38.15 million in the previous year. Headline profit is a measure of underlying performance which is not impacted by exceptional and other items considered non-operational in nature.

Profit before taxation included an amount of £8.82 million (2013: £21.09 million) arising from changes in the fair value of biological assets. It is hoped that the year 2014 will be the last year in which IAS 41 will be relevant to the majority of our agricultural operations. It is expected that from 2015 our permanent plantings will be classified under IAS 16 as property, plant and equipment to be depreciated over their expected lifespan.

After taking account of exceptional and other one off items the profits before tax for the year to 31 December 2014 amounted to £21.98 million compared with £59.65 million in the previous year. This is a particularly disappointing result, reasons for which may be briefly summarised as very poor tea sales prices in Kenya, substantial losses associated with two onerous contracts at AKD, the ever increasing costs of regulation and compliance at Duncan Lawrie and an exceptional provision against an investment in Bermuda. These items are explained in more detail below.

Dividend

The board is recommending a final dividend of 92p per share which, together with the interim dividend already paid of 34p per share, brings the total distribution for the year to 126p per share compared with 125p per share in 2013.

Agriculture and horticulture

In my Chairman's Statement last year I warned of the potential impact of climatic conditions and the imbalance of supply & demand, particularly for tea, on our profitability. Such circumstances prevailed in 2014, leading to the profits of our agricultural operations being 35 per cent. below those of the previous year.

Tea

India
Adverse climatic conditions prevailed in India, particularly at the beginning of the year, resulting in a decline in production which would have been considerably worse if it had not been for our extensive irrigation facilities. Sale prices increased marginally over the previous year but the resultant profitability was 36 per cent. lower than that of the previous year.

Bangladesh

Bangladesh also suffered from very dry conditions at the beginning of the year and production was significantly reduced. Tea prices throughout the year were also substantially lower due to the reduction in import tax, allowing the import of cheap tea from other origins. The partial reversal of this tax reduction came too late in the year to have any meaningful impact. As a result profitability was 64 per cent. below that of the previous year. The ongoing political unrest in the country is being monitored.

Kenya

Tea production again increased due to benign climatic conditions but the resulting oversupply resulted in tea prices continuing at a very low level throughout the year, at times below the cost of production. We have therefore witnessed a major reduction in the profits of our Kenya operation over the last two years. The profitability in 2014 was 48 per cent. lower than prior year.

Malawi

Production was reasonable in Malawi but again prices fell, being some 16 per cent. below that of the previous year. Profitability was approximately 40 per cent. lower than last year.

Edible nuts

Production of our pistachio nuts at Horizon Farms in California were roughly in line with expectations, 2014 being an 'on' year. The newly planted areas of almonds should produce a meaningful crop in 2015. California is presently experiencing a major and prolonged drought and water restrictions have recently been imposed by the State Governor. The consequences will be severe if the drought, now in its fourth year, persists much longer.

The macadamia production in Malawi and South Africa was in accordance with our expectations and prices in dollar terms showed a reasonable increase. We are seeing pleasing increases in production from our investment over recent years in macadamia plantings in Kenya and exported our first kernel with the cracking of the nuts having been sub-contracted. We intend to continue our expansion of the planted area and expect to commence construction of our own cracking facility during 2015.

Other horticulture

Our Avocado production, at Kakuzi, while ahead of the previous year was below expectations. Sale prices were marginally reduced from last year.

Adverse climatic conditions impacted on our rubber production in Bangladesh and prices were significantly lower than the previous year. This may be a continuing phenomenon whilst low oil prices increase the competitiveness of synthetic rubber.

Our Brazilian operations harvested mainly soya during the year and production was good. Prices were also ahead of the previous year.

Our citrus production at Horizon Farms was better than expected following the climatic damage suffered in the early part of the year. Prices were 15 per cent. down on the prior year.

The wine grape harvest on our farm in South Africa improved during the year and we have been slightly more successful in marketing our higher value products.

Food storage and distribution

The results from our food storage and distribution businesses were marginally lower during the year.

In the UK, Associated Cold Stores and Transport had a more difficult year, with competition in the market place being fierce. In the Netherlands however trading conditions improved slowly, partially due to the reduction in the cost of imported product, which resulted in those operations making a small profit.

Engineering

AKD Engineering at Lowestoft experienced yet another disastrous year mainly as a result of two large contracts experiencing substantial losses. These contracts are now largely complete. The legal proceedings to which I have referred previously were settled prior to going to court on the basis that the legal costs, both past and potentially in the future, were totally disproportionate to the amount of claims that we may have been successful in establishing.

AKD's business is totally dependent on the North Sea oil and gas market and due to the low price of crude oil, the orders from the sector in which AKD operates have completely dried up. The unfortunate but inevitable decision taken to close this business was announced on 7 April 2015. The likely losses that we would have experienced over the forthcoming months, or indeed years, were deemed to be unsustainable. We expect to incur further losses in 2015 as we target to complete an orderly closure of this business by the end of the first half of the year.

Abbey Metal Finishing also experienced a difficult year in 2014. Part of the reason for this is the cost associated with the new joint venture in Germany, where we are still awaiting final accreditation from our projected major customer to utilise our facilities. The facilities at Hinckley are gradually clawing back previous lost business and the efficiency ratios have increased during the last few months.

Results of AJT Engineering, although slightly lower than the previous year were also satisfactory but, again, the effect of low oil prices on these operations is presently difficult to anticipate, but likely to be negative.

BMT in Great Yarmouth, GU Cutting and Grinding and Loddon Engineering all produced results better than the previous year.

As stated above, the impact of low crude oil prices is already having a major effect on the placement of orders by our customers in the oil and gas sector. The on-going effect of this on a number of our engineering subsidiaries cannot yet be quantified but is certain to be detrimental.

Banking and financial Services

Duncan Lawrie Private Bank has had a difficult year coping with the twin challenges of very low interest rates and the conservative risk profile required by the group. This conservative approach to risk has long been a cornerstone of the group's policy at Duncan Lawrie, but with the low interest rate environment potentially extending into the medium term, the group is now reviewing its options with regard to the ongoing development of Duncan Lawrie.

Associates and investments

Operations in Bangladesh remain difficult due to the continuing political unrest but our associated companies United Finance (previously United Leasing) and United Insurance both produced reasonable results for the year.

Our listed investments generally performed well during the year with the exception of an investment in Bermuda, which has now fallen below our cost and therefore an impairment of £2.33 million has had to be provided through the profit and loss account.

Development

2014 was a difficult year. However, the difficulties have not prevented us from continuing with the organic development of our operations and we must continue to invest in areas that will go towards mitigating the ever increasing costs of production, particularly in our tea gardens. This is an ongoing commitment and a substantial part of our profitability is reinvested in our operations in order to secure their long term future. We continue to examine possible acquisitions in the sectors in which we operate, but the influence on the market of venture capital funds who highly gear their investments and look for a short term exit make such acquisitions either too expensive or very difficult to locate. We will continue to invest in good freehold or long leasehold properties where circumstances are deemed appropriate.

Directors

Martin Dunki resigned as a director of your company in November 2014. Anil Mathur will retire at the conclusion of the annual general meeting in June after having completed 35 years of loyal and valuable service to the group. I would like to express my thanks to both gentlemen for their tireless contribution to the group.

William Gibson joined the board as a non-executive director in September 2014. Tom Franks and Graham Mclean joined the board as Deputy Chief Executive Officer and Joint Managing Director for agriculture respectively in October 2014. Susan Walker was appointed a director on 2 April 2015 and will assume the position of Finance Director in June following Anil's retirement

Staff

My thanks are due to all our staff throughout the world for their contribution in 2014.

M C Perkins

Chairman

23 April 2015

Strategic Report

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 2014 and a description of principal risks and uncertainties facing the group. A fair review of the business of the group is incorporated within the chairman's statement on pages 3 to 5. The chairman's statement together with information contained within the report of the directors highlight the key factors affecting the group's development and performance. Other matters are dealt with below:

Group strategy

The board has adopted the following strategy for the group:

- to develop a worldwide group of businesses requiring management to take a long term view,
- the achievement of long-term shareholder returns through sustained and targeted investment,
- investing in sustainability, the environment and the communities in which we do business,
- ensuring that the quality and safety of our 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 shown on pages 3 to 5 and within the report of the directors.

Business model

The group consists of a portfolio of businesses mainly in agriculture and horticulture, private banking and financial services, food storage and distribution and engineering. Each business is managed at local level with independent management who report to the board regularly on performance against an annual budget.

Principal risks and uncertainties

There are a number of possible risks and uncertainties that could impact the group's businesses. As the group's businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the group's long-term performance. The following risks relating to the group's principal operations have been identified:

Agriculture and horticulture

The group's agricultural based businesses are located in Bangladesh, Brazil, India, Kenya, Malawi, South Africa and the USA. The success of these activities is greatly dependent on climatic conditions (including the impact of climate change), the control of pests and plant disease, the cost of labour and the market price for the produce. We export a considerable amount of produce through the port of Mombasa in Kenya. Such exports can be seriously delayed by inefficiencies in the operation of the port. In addition, exports from these businesses are subject to foreign exchange fluctuations as products, particularly those from Africa, are normally priced in US dollars.

In Kenya, Malawi and South Africa there are long-term issues concerning land ownership over which the group has little control but monitors the situation closely.

The board continues to work with local management to monitor land ownership issues that may impact the group's operations. In Kenya, the length of the leases owned by non-Kenyan citizens and corporations has been reduced from 999 years to 99 years in accordance with the new constitution. In South Africa, on land where competing ownership claims have been made, any substantiated claim is required to be resolved on a willing buyer willing seller basis and crops are generally only planted following notification to the Land Claims Commission.

In India, violence from separatist groups which has been a problem for some years has recently been greatly reduced in Assam, Darjeeling and the Dooars. In Bangladesh, there were during 2014 and continue to be instances of civil unrest, general strikes and blockades. The situation continues to be monitored and the group's operations in these regions have largely been able to trade normally.

UK engineering

A number of the UK engineering companies are dependent for a significant part of their revenue on the aerospace and the oil and gas industries. A downturn in either of these sectors would have an impact on the level of activity in these businesses.

Some of the processes used by the companies involved in metal treatment require high standards of health and safety and environmental management. Failure to maintain these standards could give rise to accidents or environmental damage.

Cold storage and transport

Cold storage and transport in the UK is a highly competitive industry and is largely dependent on the food industry for the utilisation of cold stores.

Cold stores are heavy users of electricity and any significant movement in energy costs can affect the operation's profitability. Similarly, the transport division is affected by sharp movements in the cost of fuel and the cost of the implementation of new regulations for drivers.

The business is dependent upon a sophisticated computer system. The failure of this system could have significant consequences for the business although a disaster recovery plan is in place.

Banking and financial services

Duncan Lawrie Limited is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) and has a well-developed compliance process. The following risks have been identified:

- compliance risk – the FCA and the PRA have the power to stop trading activity should there be a serious breach of their regulations. Following the recent global banking crisis, there have been moves by the authorities to tighten regulatory standards and this may lead to a requirement for further capital to be invested in Duncan Lawrie Limited.
- credit risk – the lending of money gives rise to a credit risk. It lends money to customers and places money with other banks and holds interest bearing securities. This credit risk is managed by strict internal procedures. It limits itself to lending to customers no more than its share capital and reserves.
- liquidity, interest and foreign exchange rate risk – these risks are monitored closely and reported upon daily against conservative exposure limits.

Duncan Lawrie Limited has no exposure to the sub-prime mortgage market but in periods of low interest rates or low stock market values its income stream will inevitably be affected. Bank failures in the jurisdiction within which Duncan Lawrie operates can also impact its results as a consequence of industry wide compensation schemes to which it is required to contribute.

Further information on the group's financial risks are disclosed in note 38 of the accounts.

Investments

The group owns a number of investments including listed investments. The value of these investments is therefore likely to fluctuate in line with global stock market movements.

Pension schemes

There is one final salary scheme in the UK, following the merger of three schemes in 2011. It is closed to new entrants and permits an element of future accrual for existing members in the defined benefit section. A material proportion of the assets of the scheme are invested in equities and the value of these assets will fluctuate in line with global equity markets. Continuing improvements in mortality rates and the impact of the real rate of return may also increase the liabilities of the scheme.

Credit Risk

Credit control procedures are in place throughout the group but the risk remains that some customers may have difficulty making payments.

Social and environmental responsibility

Background

The group has a wide range of businesses operating around the world in diverse commercial, cultural and regulatory environments. These businesses encompass a correspondingly wide spectrum of employment and environmental issues and our main challenge is to ensure that these are appropriately managed across the group.

The group's businesses have a duty to meet local regulatory requirements and will always strive to do so. In this respect, there is a distinction between our UK businesses and our agricultural and horticultural businesses based mostly in developing countries. Whilst the UK businesses are subject to well-developed regulatory regimes in the areas of employment and environmental protection, this is not necessarily the case elsewhere. Our agricultural and horticultural businesses have responded to the increasing amount of relevant local legislation and to the demands of the marketplace, as many of our major customers for agricultural products now expect us to meet their own social and environmental standards, or to achieve certification against recognised international standards such as 'Fairtrade' labelling.

Particular challenges for the group lie in the following areas:

Child labour: We have a clear policy not to use child labour and all of our businesses meet local legal requirements. The minimum legal working age varies around the world and in some countries it is both the cultural norm and permissible for parents to involve their children in the productive process. We do not subscribe to this approach and therefore translating our policy into unambiguous local rules and enforcing these rules requires vigilance.

Health and safety: Our UK, European and North-American businesses operate in a strong regulatory climate, and have a good health and safety culture and record. Achieving equivalent standards of health and safety management in our operations in some developing countries is a continuing challenge.

Medical care and education: In some countries, our workers and their children do not have access to good state provision of medical or educational services. However, the majority of tea estates in India and Bangladesh have a hospital and a qualified doctor and our operations in both these countries have central group hospitals to which more serious illnesses are referred. A number of our African businesses report a high incidence of HIV/AIDS related illnesses. We provide, as a minimum, medical services including where appropriate antiretroviral drugs, implement immunisation programmes, pre and post natal care and give support to schools that are either run by our companies, or in the local neighbourhood.

Casual labour: Some of our agricultural businesses rely on seasonal labour, notably at harvest time. Our agricultural companies give casual and contract workers employment rights in accordance with local legislation.

Environmental management: Our UK-based engineering businesses have the greatest potential to create pollution and hazardous waste and need to meet tight legislative standards. Where appropriate, our UK businesses have formal environmental management systems in place and most are independently certified to the international standard ISO 14001. The enforcement of environmental legislation in many countries where we operate is poor and our businesses in these locations have to act on their own initiative to meet international standards of environmental protection.

Greenhouse Gas (GHG) Emissions

Our emissions have been calculated based on the GHG Protocol Corporate Standard. Emissions reported correspond with our financial year.

Our approach

We believe that good management of employment, social and environmental issues is essential in ensuring the long-term success of our businesses. We are therefore committed to devoting the resources necessary to improve continually our performance with the same vigour that we apply to other aspects of managing our business.

The board has a corporate social responsibility policy which is available on the company's website and which has been adopted across the group.

The board has adopted an anti-bribery policy which complies with the requirements of the Bribery Act 2010. The policy has been introduced across the group and its implementation is being monitored. The board does not permit bribery as part of its business practices.

Performance

There are no current employment or environmental issues that prejudice the continuing development of the group. No group businesses were prosecuted for any significant breach of employment legislation during the year. The executive committee has established a process for ensuring that the corporate social responsibility policy is enforced across the group.

Key financial performance indicators

Return on segmental assets

The nature of the group's principal activities is such that the board takes a long-term view on its operations, particularly in agriculture. It is also concerned to improve the quality of the group's assets over the long-term and monitors that by reference to return on segmental assets achieved in the main segments of the business which are then compared against budget. The returns achieved in the current and prior year were as follows:

	Agriculture and horticulture		Engineering		Food storage and distribution		Banking and financial services	
	2014	2013	2014	2013	2014	2013	2014	2013
Segment net assets (£'000)	259,157	242,981	18,800	19,982	17,190	17,592	37,054	39,045
Segment trading profit/(loss) (£'000)	27,204	41,383	(8,387)	(5,599)	943	772	(2,496)	121

Return on segmental net assets (%) 10.50 17.03 (44.61) (28.02) 5.49 4.39 (6.74) 0.31

Segment net assets (segment assets less segment liabilities) and segment profit are as reported in the consolidated accounts.

Group borrowings ratio

The board's objective is to ensure that gross borrowings as a percentage of tangible net assets do not exceed 50 per cent. The ratio achieved at 31 December 2014 was 0.92% (2013: 0.96%).

Gross borrowings and tangible net assets (share capital and reserves less goodwill and intangible assets) are derived from the consolidated accounts.

Key non-financial performance indicators

The following information has been compiled based on data provided by the group's subsidiary undertakings. The board considers that this information demonstrates the level of compliance with important elements of its business principles. The board will regularly review which key non-financial performance indicators are most appropriate.

		Agriculture and horticulture			Engineering			Food storage and distribution			Banking and financial services		
		2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
1 Compliance													
a) Prosecutions	The number of prosecutions brought in the financial year by the official regulatory bodies responsible for enforcing regulations in the areas of:												
	Employment	-	1	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	-	1	1	-	-	-	-	-	-	-	-	-
	Environmental protection	-	-	-	-	2	-	-	-	-	-	-	-
b) Formal warnings	The number of written warnings during the financial year by the official regulatory bodies responsible for enforcing regulations in the areas of:												
	Employment	-	-	-	-	-	-	-	-	-	-	-	-
	Worker health and safety	-	1	3	-	-	-	-	-	-	-	-	-
	Environmental protection	-	-	-	1	-	-	-	-	-	-	-	-
2 Child Labour													
a) Minimum age	The number of employees who were less than 15 years old during the financial year	-	-	-	-	-	-	-	-	-	-	-	-
b) Access to education	The number of employees who were younger than the age for completing compulsory education in their country during the financial year	-	-	-	-	-	-	-	-	-	-	-	-
3 Accidents													
a) Injury	The number of injuries received at work resulting in either absence from work for more than three days, or the injured person being unable to do the full range of their normal duties for more than three days	303	281	579	5	6	5	-	3	2	-	-	-
4 Health													
a) Sickness absence	The number of employee days absence as a result of sickness during the financial year	238,487 ⁽ⁱ⁾	224,348 ⁽ⁱ⁾	228,411 ⁽ⁱ⁾	2,374	1,578	2,354	1,722	1,609	1,628	511	382	486
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	168	404	314	1	1	-	-	2	2	-	-	-

(i) This excludes tea garden workers in India who have a contractual entitlement to fourteen days sickness absence. It should be noted that in Malawi there is high level of sickness due to HIV/AIDS related conditions and malaria.

Employees

It is group policy to keep employees informed, through internal publications and other communications, on the performance of the group and on matters affecting them as employees and arrangements to that end are made by the management of individual subsidiary undertakings.

It is also group policy that proper consideration is given to applications for employment received from disabled persons and to 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 at 31 December:

	Men		Women	
	2014	2013	2014	2013
Company directors (i)	9	8	0	0
Other senior managers (ii)	2	3	3	1
All employees	45,769	46,280	33,982	34,140

- (i) Company directors consist of the company's board as detailed on page 2, excluding Mrs S A Walker who was appointed as a director on 2 April 2015.
- (ii) "Other senior managers" is as defined in The Companies Act 2006 (Strategic report and directors report) Regulations 2013, and includes persons responsible for planning, directing or controlling the activities of the company, or a strategically significant part of the company, other than company directors and who are members of the executive committee.

By order of the board

J A Morton
Secretary

23 April 2015

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2014.

Principal activities

The company is a holding company and its country of incorporation is England. The principal activities of its subsidiary and associated undertakings comprise:

Agriculture and horticulture – the production of tea, edible nuts, avocados, citrus, rubber, fruits, other horticultural produce and general farming
 Engineering – metal finishing, precision engineering and heat treatment
 Food storage and distribution
 Private banking and financial services
 The holding of property and investments

Further details of the group's activities are included in the chairman's statement on pages 3 to 5.

Results and dividends

The profit for the year amounted to £8,310,000 (2013: £37,543,000). The board has proposed a final dividend for the year of 92p per share payable on 3 July 2015 to holders of ordinary shares registered at the close of business on 12 June 2015. The total dividend for 2014 is therefore 126p per share (2013: 125p per share). Details are shown in note 12.

Directors

The directors of the company are listed on page 2. The following directors had beneficial interests in the share capital of the company:

	31 December 2014	1 January 2014
Camellia Plc ordinary shares of 10p each:		
M C Perkins	1,573	1,573
C J Ames	300	300

Under the company's articles of association all the directors are required to retire annually. Accordingly, Mr M C Perkins, Mr C J Ames, Mr P J Field, Mr C J Relleen, Mr F Vuilleumier will retire and, being eligible, seek re-election at the AGM on 4 June 2015.

Mr T K Franks, Mr G H Mclean, Mrs S A Walker and Mr W K Gibson, having been appointed to the board since the last annual general meeting, will seek election to the board.

Mr A K Mathur will not seek re-election at the next AGM and will retire as a director at the conclusion of the meeting.

None of the directors or their families had a material interest in any contract of significance with the company or any subsidiary during and at the end of the financial year.

Executive directors

Mr M C 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. Mr Perkins is chairman of the nomination committee.

Mr C J Ames, a chartered accountant, is a joint managing director of Camellia Plc, a non-executive director of Kakuzi Limited and a non-executive director of Duncan Lawrie Limited. He was previously managing director of Douglas Deakin Young Limited which was acquired by the Camellia group in 2005. Prior to that he was a partner of PricewaterhouseCoopers.

Mr P J Field is a joint managing director of Camellia Plc, is chairman of Goodricke Group Limited and a non-executive director of Duncan Lawrie Limited. Before joining the group in 1987, Mr Field was with Grindlays Bank engaged primarily with their business in the Indian subcontinent.

Mr A K Mathur, is a chartered accountant and joined the group in 1981. He was appointed finance director in 1999 and is also a director of Goodricke Group Limited. He will retire as a director at end of the AGM on 4 June 2015.

Mr T K Franks, was appointed Deputy Chief Executive in October 2014. He is a non-executive director of Duncan Lawrie Limited. He was previously Global Chairman of KPMG Corporate Finance and a Partner of KPMG LLP having joined KPMG in 1988.

Mr G H Mclean, a qualified agriculturalist, was appointed Managing 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 22 years.

Mrs S A Walker, joined Camellia on 1 July 2014 as Finance Director Designate. She was appointed executive director in April 2015. She will formally take over as Finance Director on 4 June 2015, when Anil Mathur retires from the Board. Prior to joining Camellia, she held various positions at KPMG over a 21 year period, latterly as Director Corporate Finance and more recently was Director, Plc Advisory at BDO Corporate Finance.

Non-executive directors

Mr C J Relleen was formerly a partner in PricewaterhouseCoopers. He was appointed an independent non-executive director and deputy chairman in January 2006 having previously been a non-executive director of Linton Park Plc. Mr Relleen is also a non-executive director of Duncan Lawrie Limited. He is the senior independent director, chairman of the Audit Committee and a member of the Nomination and Remuneration committees.

Mr W Gibson was appointed as an independent non-executive director from 1 September 2014. Mr Gibson was previously Chairman and Managing Director of Westminster Press and an executive director of the Financial Times Group. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Mr F Vuilleumier was appointed as a non-executive independent director on 7 March 2013. Mr Vuilleumier is a partner of Oberson Avocats, a law office based in Geneva, Switzerland. He is also a Swiss Certified tax expert and a lecturer in tax law at the University of Lausanne. He is a member of the Audit Committee.

Secretary

Mrs J A Morton was appointed as company secretary on 8 September 2011.

Substantial shareholdings

As at 23 April 2015 the company had been advised of the following interests in the share capital of the company:

Camellia Private Trust Company Limited held through its subsidiary, Camellia Holding AG 1,427,000 ordinary shares (51.67 per cent. of total voting rights).

Alcatel Bell Pensioenfonds VZW held through HSBC Global Custody Nominees (UK) Limited 297,398 ordinary shares (10.76 per cent. of total voting rights).

Taube Hodson Stonex & Partners held through State Street Nominees Limited 91,296 ordinary shares (3.31 per cent. of total voting rights).

Share capital and purchase of own shares

The company's share capital comprises one class of ordinary shares of 10 pence each 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 33 to the accounts.

At the annual general meeting in 2014, shareholders gave authority for the company to purchase up to 276,200 of its own shares. The company has purchased 5,200 of its own shares for cancellation since 1 January 2014. This authority expires at the conclusion of this year's annual general meeting on 4 June 2015. A resolution to renew the authority is being put to shareholders at the forthcoming AGM.

Disclosure of information to auditors

PricewaterhouseCoopers LLP has expressed its willingness to continue as auditors of the company and a resolution proposing PricewaterhouseCoopers LLP re-appointment will be put to the annual general meeting.

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

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) 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.

Going concern

After reviewing the group's budget for 2015 and other forecasts, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the accounts.

Corporate governance

The company's statement on corporate governance can be found in the corporate governance report on pages 15 to 18.

By order of the board

J A Morton
Secretary

23 April 2015

Corporate governance

Statement of compliance

This statement describes how the company applies the main principles of UK Corporate Governance Code 2014 ("the Code"). In implementing the Code, the directors have taken account of the company's size and structure and the fact that there is a controlling shareholder. At the time of the company's delisting from the main market of the London Stock Exchange and listing on AIM in September 2014, it was stated that the board did not envisage that there would be any significant alteration to the standards of

reporting and governance which the company maintains currently. AIM companies are not required to comply with the requirements of the Code. However, the board is committed where practical to developing and applying high standards of corporate governance as detailed below.

The company has complied with the relevant provisions set out in the Code throughout the year with the exception of the following area of the Code that has not been implemented:

The roles of chairman and chief executive have continued to be fulfilled during the year by Mr Perkins and not separated as required by the Code. Mr Franks was appointed as Deputy Chief Executive on 1 October 2014. In addition, Mr Ames, Mr Field and Mr Mclean are joint managing directors and have responsibility for aspects of the day to day management of the group.

The board

The board currently comprises ten directors. Three are non-executive directors, of which all are considered independent. The remaining directors are executive directors, including the executive chairman. Mr Relleen, the deputy chairman, has been designated as the senior independent director. The names and brief biographical details of each director appear on pages 12 and 13.

There is on-going dialogue between the chairman and the majority shareholder whose views are reported to the board. The company is also in contact with other significant shareholders.

The board has established a nomination committee chaired by Mr Perkins, the other members being Mr Relleen and Mr Gibson.

The board has established a remuneration committee, audit committee and executive committee. Terms of reference of each of these 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 annually 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 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 including detailed information on each of its businesses is sent to directors each month. Each director is provided with sufficient information in advance of board meetings to enable the directors to make informed judgments on matters referred to the board. The board met eleven times in 2014.

Attendance by directors at board and committee meetings held during the year was as follows:

	Board	Audit	Remuneration	Nomination
M C Perkins	11/11	–	–	2/2
C J Relleen	11/11	3/3	1/1	2/2
T K Franks	3/11 ⁽ⁱⁱⁱ⁾	–	–	–
C J Ames	11/11	–	–	–
P J Field	11/11	–	–	–
A K Mathur	11/11	3/3 ⁽ⁱ⁾	–	–
G H Mclean	3/11 ^(iv)	–	–	–
W Gibson	4/11 ^(v)	1/3 ^(vi)	1/1	1/2
M Dünki	10/11 ^(vii)	–	–	–
C P T Vaughan-Johnson	3/11 ⁽ⁱⁱ⁾	1/3 ⁽ⁱⁱ⁾	–	1/2 ⁽ⁱⁱ⁾
F Vuilleumier	10/11	3/3	–	–

(i) Mr Mathur attends meetings of the audit committee by invitation in his capacity as finance director.

(ii) Mr Vaughan-Johnson retired from the Board on 5 June 2014.

(iii) Mr Franks was appointed as a director on 1 October 2014.

(iv) Mr Mclean was appointed as a director on 1 October 2014.

(v) Mr Gibson was appointed as a director on 1 September 2014.

(vi) Mr Gibson was appointed as member of the audit committee from 1 September 2014.

(vii) Mr Dünki resigned from the Board on 24 November 2014.

Executive committee

The board has delegated the day to day management of the group's operations to the executive committee which is also responsible for implementing board policy. The members of the committee are:

M C Perkins	Chairman
T K Franks ⁽ⁱ⁾	Deputy Chief Executive
C J Ames	Joint managing director
P J Field	Joint managing director
G H Mclean	Joint managing director
A K Mathur	Finance
S Walker ⁽ⁱⁱ⁾	Finance
I Ahmed	Bangladesh
A Singh	India
R J Parry	Group marketing executive
J A Morton	Company secretary

(i) appointed with effect from 1 October 2014

(ii) appointed with effect from 1 July 2014

Nomination committee

The nomination committee is chaired by Mr Perkins. Its other members are Mr Gibson and Mr Relleen.

The principal responsibilities of the nomination 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 audit committee is chaired by Mr Relleen. The other members of the committee are Mr Vuilleumier and Mr Gibson. Mr Vaughan-Johnson was a member of the committee until he retired from the board on 5 June 2014. During 2014, the committee met on three occasions.

Principal responsibilities

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

- to review and monitor the financial statements of the company and the audit of those statements – to monitor compliance with relevant financial reporting requirements and legislation
- to monitor the effectiveness and independence of the external auditor
- to review effectiveness of the group's internal control system. The committee regularly reviews the effectiveness of internal audit activities carried out by the group's accounting function and senior management

Significant issues in relation to financial statements

The audit committee assesses whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements. In the year under review, the audit committee considered the following significant matters in relation to the financial statements:

Biological assets – One of the key areas of judgment that the committee considered in reviewing the financial statements was the valuation of biological assets in accordance with IAS 41. Valuations are carried out by external professional valuers or are based on discounted cash flows. These were agreed for consistency of approach and the assumptions were determined to be reasonable. For more details see note 18 to the accounts.

Pensions – A key area of judgment is in relation to the value of the pension scheme obligation. Whilst this is conducted by independent expert actuaries, the nature of the obligation means that a relatively minor difference in the assumptions could result in a material change in the obligation. The committee considered the competence of the actuaries and the assumptions adopted and concluded that the work performed is sufficient to support the value.

Goodwill and intangibles – The value of goodwill and intangibles is inherently complex and relies on judgment and estimation. The committee consider the performance of the underlying assets and their ability to continue to support the carrying value. As a result, the committee is satisfied that the carrying value is supported.

External auditors

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 auditor objectivity, PwC operates a five year rotation policy for audit partners for a listed entity.

The company's external audit was last tendered in 2009, which resulted in a change to PwC at that point. We are aware of the regulatory developments and transitional arrangements in relation to audit tendering provisions and will continue to monitor guidance.

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.

The committee confirms that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

Remuneration committee

The committee comprises the board's two independent non-executive directors, being Mr Gibson who is chairman of the committee and Mr Relleen.

The committee's full terms of reference are available on the company's website. The responsibilities of the committee include:

- the review of the group's policy relating to remuneration of the chairman, executive directors and members of the executive committee
- to determine the terms of employment and remuneration of the chairman, executive directors and those members of the executive committee that are employed in the United Kingdom with a view to ensuring that those individuals are fairly but responsibly rewarded
- to approve compensation packages or arrangements following the severance of any executive director's service contract
- at its discretion, the committee may make such enquiries as it sees fit concerning the remuneration packages of those members of the executive committee that are employed outside the United Kingdom

The committee met once during 2014. The remuneration report appears on pages 20 to 22.

Insurance

The company purchases insurance to cover its directors in respect of legal actions against them in their capacity as directors of the company. The level of cover is currently £20 million. All directors have access to independent professional advice at the company's expense.

Share capital structure

The share capital of the group is set out in note 33.

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 controls, the principal features of which are described below.

Decentralisation is a key management philosophy with responsibility for efficient day to day operations delegated to local management. Accountability and delegation of authority are clearly defined with regular communication between group head office and local management. The performance of each company is continually monitored centrally including a critical review of annual budgets, revised forecasts and monthly sales, profits and cash reports. Financial results and key business statistics and variances from approved plans are carefully monitored. Senior management regularly visit and review the group's operating units. However, any system of internal control can provide only reasonable, and not absolute, assurance against material mis-statement or loss.

By order of the board

J A Morton

Secretary

23 April 2015

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, the directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of both the group and the parent company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the directors, whose names and functions are listed on page 2 confirm that, to the best of their knowledge:

- the group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group
- the strategic report contained on pages 6 to 11 includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

In addition, each of the directors considers that the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

On behalf of the board

M C Perkins

Chairman

23 April 2015

Remuneration report

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

Remuneration committee

A report of the proceedings during 2014 of the remuneration committee ("the committee") is set out on page 18 and includes details of the membership of the committee.

Policy on directors' remuneration

In determining remuneration policy and the remuneration of directors, full consideration has been given to the relevant provisions of the UK Corporate Governance Code 2014. The committee seeks to provide remuneration packages that will attract, retain and motivate the best possible person for each position. The committee also wishes to align the interests of executives with shareholders. The group's activities are based significantly on agriculture and horticulture, which are highly dependent on factors outside management control (e.g. weather and market prices for our produce), and this is a significant consideration as to why the company does not operate profit related bonus, share option or share incentive schemes for directors.

The remuneration policy for executives reflects the overriding remuneration philosophy and principles of the wider group. When determining the remuneration policy and arrangements for directors, the committee considers pay and employment conditions elsewhere in the group to ensure that pay structures are appropriately aligned and that levels of remuneration remain appropriate in this context. The remuneration policy was approved by shareholders at the AGM held on 5 June 2014, and took effect from the date of that AGM, will be applied for a period of 3 years until the AGM in 2017. This policy takes into account any views of the shareholders expressed to the committee on directors' remuneration.

At the AGM on 5 June 2014, the remuneration report for the year to 31 December 2013 was approved by shareholders with 99.80 per cent. of the votes cast in favour, 0.15 per cent. of the votes cast against and 0.05 per cent. of the votes withheld.

Service contracts

Messrs Perkins, Ames, Field, Mathur, Franks, Mclean and Mrs Walker are each employed on rolling service contracts. Mr Perkins's service contract is dated 25 April 2002, Mr Ames's service contract is dated 24 April 2009, Mr Field's service contract is dated 19 December 2011, Mr Mathur's service contract is dated 1 December 2003, Mr Franks' service contract is dated 8 April 2015, Mr Mclean's service contract is dated 10 April 2015 and Mrs Walker's service contract is dated 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. There are no specific contractual provisions for compensation upon early termination of a non-executive director's employment. The remuneration committee reviews salaries annually and will seek independent professional advice when appropriate.

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

Directors' remuneration

	Basic remuneration		Benefits in kind		Employer pension contribution		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£	£	£
Executive								
M C Perkins	433,671	423,094	32,519	62,694	–	–	466,190	485,788
T K Franks	96,250	–	6,974	–	–	–	103,224	–
C J Ames	281,007	235,654	26,161	25,702	3,587	41,997	310,755	303,353
P J Field	265,692	259,212	26,113	34,637	–	–	291,805	293,849
A K Mathur	248,860	242,790	42,268	26,706	–	–	291,128	269,496
G H Mclean	65,500	–	89,111	–	5,000	–	159,611	–
Non-executive								
M Dünki	35,795	35,000	–	–	–	–	35,795	35,000
W K Gibson	14,167	–	–	–	–	–	14,167	–
C J Relleen	62,500	53,750	–	–	–	–	62,500	53,750

C P J Vaughan-Johnson	18,362	37,500	–	18,537	–	–	18,362	56,037
F Vuilleumier	40,000	29,462	–	–	–	–	40,000	29,462
	<u>1,561,804</u>	<u>1,316,462</u>	<u>223,146</u>	<u>168,276</u>	<u>8,587</u>	<u>41,997</u>	<u>1,793,537</u>	<u>1,526,735</u>

Notes:

- The Executive directors' benefits in kind include the value attributed to benefits such as medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars. Mr Mclean received a payment of £82,455 for relocation expenses following his move from Kenya to the UK.
- Mr Vaughan-Johnson retired as a director on 5 June 2014. Mr Franks and Mr Mclean were appointed as directors on 1 October 2014.
- Mr Relleen receives an additional annual fee for his chairmanship of the Audit Committee and for his non-executive directorship of Duncan Lawrie Limited.
- Mr Gibson receives an additional annual fee for his chairmanship of the Remuneration Committee.

Directors' pensions

Most UK employees, including executive directors, are eligible to join pension schemes operated within the group. Mr Perkins was a member of The Linton Park Group Pension Scheme up until 28 February 2010. Mr Field and Mr Mathur were members of the Linton Park Pension Scheme 2011 until 5 April 2012. This Pension Scheme was formerly the Unochrome Group Pension Scheme and was merged with the Linton Park Pension Scheme and the Lawrie Group Pension Scheme on 1 July 2011. Under The Linton Park Group Pension Scheme the normal retirement age was 63 up until 31 December 2003 in respect of service up until that date. With effect from 1 January 2004 the normal retirement age was increased to 65.

From 1 May 2007 the normal retirement age of members of The Lawrie Group Pension Scheme was increased to 65. Pension benefits accrued prior to that date can be paid at age 63 without actuarial reduction. In a few cases pensions can be paid from age 60 without actuarial reduction. The Linton Park Pension Scheme (2011) provides for a lump sum death in service benefit of four times basic salary and a spouse's pension of half of the member's pension, based on prospective service.

All benefits are subject to HM Revenue and Customs limits. Up until 6 April 2005, under The Linton Park Group Pension Scheme, post retirement pension increases were based on the annual increase in the retail price index, subject to a maximum of 5 per cent. From 6 April 2005, the maximum increase reduced to 2.5 per cent. per annum in respect of pension accrued on or after that date. Also, under The Linton Park Group Pension Scheme there is a minimum increase of 3 per cent. per annum in respect of service before 1 January 2002. Under The Lawrie Group Pension Scheme for entrants prior to 1 January 1996, pension earned prior to April 2003 is subject to a 5 per cent. increase per annum. From 1 May 2007, the maximum increase reduced to 2.5 per cent. in respect of pension accrual on or after that date.

Accrual for pension for Messrs Perkins, Field and Mathur has ceased and there was no pensionable service for these directors during 2014.

Mr Franks receives an excess non-pensionable salary supplement equivalent to 10 per cent. of base salary. Mr Mclean and Mrs Walker are members of the Linton Park Group Personal Pension Scheme. An excess non-pensionable salary supplement equivalent to 25 per cent. of base salary is also paid to Mr Ames.

In addition to the above, an unfunded pension of US\$200,000 per annum is paid to Mr G Fox, a former director of the company.

By order of the board

J A Morton

Secretary

23 April 2015

Consolidated income statement for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue	2	238,868	251,267
Cost of sales		<u>(163,728)</u>	<u>(162,665)</u>
Gross profit		75,140	88,602
Other operating income		2,179	2,129
Distribution costs		(12,700)	(12,264)
Administrative expenses		<u>(53,507)</u>	<u>(47,284)</u>
Trading profit	3	11,112	31,183
Share of associates' results	5	1,092	980
Impairment of available-for-sale financial assets	6	(2,334)	–
Impairment of property, plant and equipment and provisions	7	(1,134)	–
Profit on disposal of non-current assets	8	–	542
Profit on disposal of available-for-sale investments		447	1,349
Gain arising from changes in fair value of biological assets:			
Excluding Malawi Kwacha exceptional gain		7,842	10,061
Malawi Kwacha gain		978	11,032

	18	8,820	21,093
		18,003	55,147
Profit from operations		2,161	2,417
Investment income		2,864	3,417
Finance income	9	(608)	(878)
Finance costs	9	607	1,031
Net exchange gain	9	(1,044)	(1,486)
Employee benefit expense	9	1,819	2,084
Net finance income	9	21,983	59,648
Profit before tax			
Comprising			
– headline profit before tax	4	17,228	38,150
– exceptional items, gain arising from changes in fair value of biological assets and other financing gains and losses	4	4,755	21,498
		21,983	59,648
Taxation	10	(13,673)	(22,105)
Profit for the year		8,310	37,543
Profit attributable to:			
Owners of the parent		2,836	28,297
Non-controlling interests		5,474	9,246
		8,310	37,543
Earnings per share – basic and diluted	13	102.7p	1,020.2p

Statement of comprehensive income for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
<i>Group</i>			
Profit for the year		8,310	37,543
Other comprehensive (expense)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations	32	(20,341)	11,611
Deferred tax movement in relation to post employment benefit obligations	31	698	14
		(19,643)	11,625
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		7,533	(23,888)
Available-for-sale investments:			
Valuation gains taken to equity	22	2,822	3,367
Transferred to income statement on sale	22	(364)	(873)
Tax relating to components of other comprehensive income		72	(142)
		10,063	(21,536)
Other comprehensive expense for the year, net of tax		(9,580)	(9,911)
Total comprehensive (expense)/income for the year		(1,270)	27,632
Total comprehensive (expense)/income attributable to:			
Owners of the parent		(6,801)	23,143
Non-controlling interests		5,531	4,489
		(1,270)	27,632
<i>Company</i>			
Profit for the year		3,610	4,411
Total comprehensive income for the year		3,610	4,411

Consolidated balance sheet at 31 December 2014

	Notes	2014 £'000	2013 £'000
Non-current assets			
Intangible assets	16	7,072	7,349
Property, plant and equipment	17	104,923	95,840
Biological assets	18	139,999	127,215

Prepaid operating leases	19	900	890
Investments in associates	21	8,664	7,343
Deferred tax assets	31	184	212
Available-for-sale financial assets	22	63,488	60,001
Other investments	24	8,864	8,745
Retirement benefit surplus	32	805	653
Trade and other receivables	26	23,303	4,113
Total non-current assets		<u>358,202</u>	<u>312,361</u>
Current assets			
Inventories	25	41,841	38,820
Trade and other receivables	26	63,292	69,754
Held-to-maturity financial assets	23	–	1,000
Current income tax assets		548	433
Cash and cash equivalents	27	257,164	289,623
Total current assets		<u>362,845</u>	<u>399,630</u>
Current liabilities			
Borrowings	29	(2,855)	(3,051)
Trade and other payables	28	(258,292)	(265,117)
Current income tax liabilities		(5,609)	(5,965)
Employee benefit obligations	32	(527)	(448)
Provisions	30	(636)	(360)
Total current liabilities		<u>(267,919)</u>	<u>(274,941)</u>
Net current assets		<u>94,926</u>	<u>124,689</u>
Total assets less current liabilities		<u>453,128</u>	<u>437,050</u>
Non-current liabilities			
Borrowings	29	(42)	(78)
Trade and other payables	28	(5,130)	(2,451)
Deferred tax liabilities	31	(41,618)	(39,318)
Employee benefit obligations	32	(41,885)	(21,546)
Other non-current liabilities		(98)	(103)
Provisions	30	–	(300)
Total non-current liabilities		<u>(88,773)</u>	<u>(63,796)</u>
Net assets		<u>364,355</u>	<u>373,254</u>
Equity			
Called up share capital	33	282	283
Share premium		15,298	15,298
Reserves		306,124	316,885
Equity attributable to owners of the parent		<u>321,704</u>	<u>332,466</u>
Non-controlling interests		42,651	40,788
Total equity		<u>364,355</u>	<u>373,254</u>

**Company balance sheet
at 31 December 2014**

	Notes	2014 £'000	2013 £'000
Non-current assets			
Investments in subsidiaries	20	73,508	73,508
Available-for-sale financial assets	22	170	170
Other investments	24	8,869	8,750
Total non-current assets		<u>82,547</u>	<u>82,428</u>
Current assets			
Amounts due from group undertakings		4,885	1,512
Current income tax asset		74	74
Total current assets		<u>4,959</u>	<u>1,586</u>
Current liabilities			
Trade and other payables	28	(134)	(138)
Amounts due to group undertakings		(21,483)	(17,578)
Total current liabilities		<u>(21,617)</u>	<u>(17,716)</u>
Net current liabilities		<u>(16,658)</u>	<u>(16,130)</u>

Total assets less current liabilities		<u>65,889</u>	<u>66,298</u>
Non-current liabilities			
Deferred tax liabilities	31	<u>(240)</u>	<u>(258)</u>
Total non-current liabilities		<u>(240)</u>	<u>(258)</u>
Net assets		<u>65,649</u>	<u>66,040</u>
Equity			
Called up share capital	33	282	283
Share premium		15,298	15,298
Reserves		<u>50,069</u>	<u>50,459</u>
Total equity		<u>65,649</u>	<u>66,040</u>

The notes on pages 30 to 83 form part of the financial statements.

The financial statements were approved on 23 April 2015 by the board of directors and signed on their behalf by:

M C Perkins

Chairman

**Consolidated cash flow statement
for the year ended 31 December 2014**

	Notes	2014 £'000	2013 £'000
Cash generated from operations			
Cash flows from operating activities	34	17,080	34,247
Interest paid		(655)	(1,189)
Income taxes paid		(11,595)	(12,653)
Interest received		2,871	3,393
Dividends received from associates		<u>244</u>	<u>203</u>
Net cash flow from operating activities		<u>7,945</u>	<u>24,001</u>
Cash flows from investing activities			
Purchase of intangible assets		(66)	(399)
Purchase of property, plant and equipment		(19,019)	(17,290)
Insurance proceeds for non-current assets		–	542
Proceeds from sale of non-current assets		264	577
Biological asset – new planting		(5,072)	(4,817)
Part disposal of subsidiaries		251	76
Non-controlling interest subscription		88	21
Purchase of own shares		(471)	(1,107)
Proceeds from sale of investments		1,940	9,583
Purchase of investments		(434)	(14,032)
Income from investments		<u>2,161</u>	<u>2,417</u>
Net cash flow from investing activities		<u>(20,358)</u>	<u>(24,429)</u>
Cash flows from financing activities			
Equity dividends paid		(3,452)	(3,388)
Dividends paid to non-controlling interests		(3,990)	(3,480)
New loans		157	78
Loans repaid		(202)	(56)
Finance lease payments		<u>(15)</u>	<u>(38)</u>
Net cash flow from financing activities		<u>(7,502)</u>	<u>(6,884)</u>
Net decrease in cash and cash equivalents		<u>(19,915)</u>	<u>(7,312)</u>
Cash and cash equivalents at beginning of year	27	72,900	81,373
Exchange gains/(losses) on cash		1,137	(1,161)
Cash and cash equivalents at end of year	27	<u>54,122</u>	<u>72,900</u>

For the purposes of the cash flow statement, cash and cash equivalents are included net of overdrafts repayable on demand. These overdrafts are excluded from the definition of cash and cash equivalents disclosed on the balance sheet.

Cash and cash equivalents held by the group's banking subsidiaries are excluded.

**Company cash flow statement
for the year ended 31 December 2014**

2014 2013

	Notes	£'000	£'000
Cash generated from operations			
Profit before tax		3,592	4,389
Adjustments for:			
Loss on disposal of investments		2	–
Interest income		(308)	(365)
Exchange gain on cash		–	(193)
Dividends from group companies		(5,000)	(6,000)
Decrease in trade and other receivables		–	16
Decrease in trade and other payables		(4)	(22)
Net movement in intra-group balances		532	(9,123)
Cash used in operations		(1,186)	(11,298)
Interest received		308	365
Net cash flow from operating activities		(878)	(10,933)
Cash flows from investing activities			
Proceeds from sale of investments		5	10
Purchase of investments		(126)	(157)
Purchase of own shares		(471)	(1,107)
Dividends received		5,000	6,000
Net cash flow from investing activities		4,408	4,746
Cash flows from financing activities			
Equity dividends paid		(3,530)	(3,464)
Net cash flow from financing activities		(3,530)	(3,464)
Net movement in cash and cash equivalents		–	(9,651)
Cash and cash equivalents at beginning of year	27	–	9,458
Exchange gain on cash		–	193
Cash and cash equivalents at end of year	27	–	–

Statement of changes in equity for the year ended 31 December 2014

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<i>Group</i>								
At 1 January 2013	284	15,298	(400)	288,362	10,266	313,810	39,691	353,501
Total comprehensive income/(expense) for the year	–	–	–	39,805	(16,662)	23,143	4,489	27,632
Dividends	–	–	–	(3,388)	–	(3,388)	(3,480)	(6,868)
Non-controlling interest subscription	–	–	–	8	–	8	88	96
Purchase of own shares	(1)	–	–	(1,107)	1	(1,107)	–	(1,107)
At 31 December 2013	283	15,298	(400)	323,680	(6,395)	332,466	40,788	373,254
Total comprehensive (expense)/income for the year	–	–	–	(16,458)	9,657	(6,801)	5,531	(1,270)
Dividends	–	–	–	(3,452)	–	(3,452)	(3,990)	(7,442)
Non-controlling interest subscription	–	–	–	(38)	–	(38)	322	284
Purchase of own shares	(1)	–	–	(471)	1	(471)	–	(471)
At 31 December 2014	282	15,298	(400)	303,261	3,263	321,704	42,651	364,355
<i>Company</i>								
At 1 January 2013	284	15,298	–	38,486	12,132	66,200	–	66,200
Total comprehensive income for the year	–	–	–	4,411	–	4,411	–	4,411
Dividends	–	–	–	(3,464)	–	(3,464)	–	(3,464)
Purchase of own shares	(1)	–	–	(1,107)	1	(1,107)	–	(1,107)
At 31 December 2013	283	15,298	–	38,326	12,133	66,040	–	66,040
Total comprehensive income for the year	–	–	–	3,610	–	3,610	–	3,610
Dividends	–	–	–	(3,530)	–	(3,530)	–	(3,530)
Purchase of own shares	(1)	–	–	(471)	1	(471)	–	(471)
At 31 December 2014	282	15,298	–	37,935	12,134	65,649	–	65,649

Other reserves of the group and company includes a £33,000 (2013: £32,000) capital redemption reserve and, in respect of the group, net exchange differences of £39,021,000 deficit (2013: £46,182,000 deficit).

Group retained earnings includes £143,122,000 (2013: £137,268,000) which would require exchange control permission for remittance as dividends.

Accounting policies

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 International Financial Reporting Standards (IFRS) as adopted by the EU, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

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.

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 acquiree's identifiable net assets.

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 and of borrowings designated as hedges of such investments, 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 all the following conditions are satisfied:

- (i) the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and

(v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Invoices are raised when goods are despatched or when the risks and rewards of ownership otherwise irrevocably pass to the customer.

In respect of food storage 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 based upon the stage of completion and includes costs incurred to date, plus accrued profits.

In respect of banking and financial services, fees and commissions are generally recognised on an accrual basis when the service has been provided.

Investment income

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

Segmental reporting

The adoption of 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 Executive Committee led by the Chairman. 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. Full disclosure of exceptional items are set out in notes 6, 7 and 8.

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

Identifiable intangible assets include 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.

(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

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.

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. Depreciation of other property, plant and equipment is calculated to write off their cost less residual value over their expected useful lives.

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

Freehold and long leasehold buildings	nil to 10 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

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.

Biological assets

Biological assets are measured at each balance sheet date at fair value. Any changes in fair value are recognised in the income statement in the year in which they arise. The basis under which fair value is determined for the group's biological assets are described below:

Tea and rubber are generally valued at each year end by independent professional valuers. The valuations take into account assumptions about expected life span of plantings, yields, selling prices and sales of similar assets.

Costs of new areas planted are included as "new planting additions" in the biological assets note. Growing costs for tea and rubber are accounted for as a cost of inventory in the year in which they are incurred. The group does not recognise the fair value of harvested green leaf within cost of sales in the income statement. The increase in value is in effect offset against the fair value movement in biological assets.

Annually harvested horticultural assets such as edible nuts, citrus and avocados are generally valued on the basis of net present values of expected future cash flows from those assets, discounted at appropriate pre-tax rates and including certain assumptions about expected life span of the plantings, yields, selling prices, costs and discount rates. Growing costs incurred during the year are treated as "capitalised cultivation costs" in biological assets. As the crop is harvested and sold these accumulated costs are shown as "decrease due to harvesting" in biological assets and charged to cost of sales in the income statement.

Timber is valued on the basis of expected future cash flows from scheduled harvesting dates, discounted at appropriate pre-tax rates and including certain assumptions about expected life span, yields, selling prices, costs and discount rates. Growing costs incurred during the year are treated as "new planting additions" in biological assets. As the trees are harvested the value accumulated to date of harvest is treated as "decrease due to harvesting" and charged to cost of sales in the income statement.

Agricultural crops such as soya and maize are valued at estimated selling price less future anticipated costs. Growing costs incurred during the year are treated as "capitalised cultivation costs" in biological assets. As the crops are harvested the value accumulated to date of harvest is treated as "decrease due to harvesting" and charged to cost of sales in the income statement.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Were the group to sell other than an insignificant amount of held-to-maturity assets, the entire category would be tainted and reclassified as available-for-sale.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Available-for-sale financial assets include shares of listed and unlisted companies. The fair values of listed shares are based on current bid values. Shares in unlisted companies are measured at cost as fair value cannot be reliably measured.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'Profit/(loss) on disposal of available-for-sale investments'.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payments is established.

Loans and receivables and held to maturity investments are subsequently carried at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Other investments

Other investments comprise 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 financial assets

(i) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) Assets classified as available-for-sale

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Impairment of non-financial assets

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

Leases

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period. Property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Inventories

Agricultural produce included within inventory largely comprises stock of 'black' tea. This is valued at the lower of cost and net realisable value. Cost includes the growing costs of 'green leaf' up to the date of harvest and factory costs incurred to bring the tea to its manufactured state.

In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs. Given that there is no open market for green leaf, this is recognised in inventory at the lower of cost or net realisable value.

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.

Trade and other receivables

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

Amounts due from customers of banking subsidiaries consist of loans and receivables which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the bank provides money, goods or services directly to a customer with no intention of trading the receivable and are carried at amortised cost using the effective interest method.

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. In respect of the group's banking operation, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

Non-current assets held for sale

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

Non-current 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.

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 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.

The provision for onerous lease commitments is based on the expected vacancy period.

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 estimates and judgements

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

The 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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(i) Impairment of assets

The group has significant investments in intangible assets, property, plant and equipment, biological assets, associated companies and other investments. These assets are tested for impairment when circumstances indicate there may be a potential impairment. Factors considered which could trigger an impairment review include the 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.

(ii) Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful life of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

(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.

(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, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 32.

(v) Taxation

The group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining worldwide provisions for taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain.

(vi) Identifiable intangible assets – customer relationships

As described in note 16, goodwill and identifiable intangible assets relating to customer relationships acquired are valued using industry average multiples of assets under management, with the assumption being made that the nature of the group's assets under management are not dissimilar from industry averages and therefore will be valued in a similar manner. The valuation technique used is therefore sensitive to this assumption.

(vii) Investment in BF&M Limited

In 2013, the group re-evaluated its relationship with BF&M Limited. Although the group's holding is in excess of 20 per cent., the directors concluded, and remain of the opinion, that the group is no longer able to exercise significant influence due to the cumulative result of, inter alia, the composition of the board of BF&M and the inability of the group to be a party to important strategic decisions concerning the operations and development of BF&M. Accordingly the group's holding in BF&M continues to be accounted for as an available-for-sale financial asset.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

The group has adopted the following new and amended IFRSs as of 1 January 2014:

IFRS 10

Consolidated financial statements – effective from 1 January 2013

This standard builds on existing principles by identifying the concept of control as the determining factor in which an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This standard has been endorsed by the EU with an effective date of 1 January 2014.

IFRS 12

Disclosures of interests in other entities – effective from 1 January 2013

This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. This standard has been endorsed by the EU with an effective date of 1 January 2014.

IAS 27 (revised 2011)

Separate financial statements – effective from 1 January 2013

This revision includes the requirements relating to separate financial statements. This revised standard has been endorsed by the EU with an effective date of 1 January 2014.

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

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2015 or later periods, but the group has not adopted them early:

IAS 16 and IAS 41 (amendments)	Reporting for bearer plants – effective from 1 January 2016 These amendments change the reporting for bearer plants, such as tea bushes, macadamia and rubber trees. Bearer plants should be accounted for under IAS 16 in the same way as property, plant and equipment because their operation is similar to that of manufacturing. The produce on bearer plants will remain in the scope of IAS 41. This standard has been not yet been endorsed by the EU. Once endorsed early adoption is permitted and will have a material impact on the results of the group, the effect of which is currently being assessed.
Annual improvements 2014	These annual improvements amend standards from the 2010-2012 reporting cycle and include changes to: <ul style="list-style-type: none"> – IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal. – IAS 19, 'Employee benefits' regarding discount rates. – IAS 34, 'Interim financial reporting' regarding disclosure of information. <p>The amendments are effective from 1 July 2016 but have not yet been endorsed by the EU. They are not expected to have a material impact on the group.</p>

Notes to the accounts**1 Business and geographical segments**

The principal activities of the group are as follows:

Agriculture and horticulture
Engineering
Food storage and distribution
Banking and financial services

For management reporting purposes these activities form the basis on which the group reports its primary divisions.

Segment information about these businesses is presented below:

	Agriculture and horticulture		Engineering		Food storage and distribution		Banking and financial services		Other operations		Consolidated	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Revenue												
External sales	164,247	175,116	28,872	29,587	30,941	30,785	12,373	13,568	2,435	2,211	238,868	251,267
Trading profit												
Segment profit/(loss)	27,204	41,383	(8,387)	(5,599)	943	772	(2,496)	121	131	179	17,395	36,856
Unallocated corporate expenses*											(6,283)	(5,673)
Trading profit											11,112	31,183
Share of associates' results							1,092	980			1,092	980
Impairment of available-for-sale financial assets											(2,334)	-
Impairment of property, plant and equipment and provisions											(1,134)	-
Profit on disposal of non-current assets											-	542
Profit on disposal of available-for-sale investments											447	1,349
Gain arising from changes in fair value of biological assets	8,820	21,093									8,820	21,093
Investment income											2,161	2,417
Net finance income											1,819	2,084
Profit before tax											21,983	59,648
Taxation											(13,673)	(22,105)
Profit after tax											8,310	37,543
Other information												
Segment assets	290,876	272,381	30,907	31,843	23,004	23,138	254,503	262,666	4,704	5,865	603,994	595,893
Investments in associates							8,664	7,343			8,664	7,343

Unallocated assets											<u>108,389</u>	<u>108,755</u>
Consolidated total assets											<u>721,047</u>	<u>711,991</u>
Segment liabilities	(31,719)	(29,400)	(12,107)	(11,861)	(5,814)	(5,546)	(217,449)	(223,621)	(1,110)	(1,172)	(268,199)	(271,600)
Unallocated liabilities											<u>(88,493)</u>	<u>(67,137)</u>
Consolidated total liabilities											<u>(356,692)</u>	<u>(338,737)</u>
Capital expenditure	8,492	10,955	2,213	3,015	2,734	2,435	193	589	5,387	296	19,019	17,290
Depreciation	(4,876)	(4,909)	(2,033)	(1,835)	(2,229)	(1,811)	(354)	(345)	(167)	(167)	(9,659)	(9,067)
Amortisation	(10)	(35)	(2)	(5)	(83)		(411)	(420)			(506)	(460)
Impairments			(824)						(2,360)	(22)	(3,184)	(22)

Segment assets consist primarily of intangible assets, property, plant and equipment, 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.

*Unallocated corporate expenses include group marketing expenses of £nil (2013:£881,000) incurred of behalf of banking and financial services and agriculture and horticulture segments.

Geographical segments

The group operations are based in nine 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
Continental Europe
Bangladesh
India
Kenya
Malawi
North America and Bermuda
South Africa
South America

The following table provides an analysis of the group's sales by geographical market, irrespective of the origin of the goods/services:

	2014	2013
	£'000	£'000
United Kingdom	67,478	71,320
Continental Europe	21,396	27,548
Bangladesh	16,645	21,437
India	58,828	62,078
Kenya	25,933	24,329
Malawi	6,092	6,107
North America and Bermuda	11,475	11,448
South Africa	1,168	621
South America	5,125	5,093
Other	<u>24,728</u>	<u>21,286</u>
	<u>238,868</u>	<u>251,267</u>

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

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
United Kingdom	304,876	315,251	10,052	4,539
Continental Europe	5,590	5,812	412	1,662
Bangladesh	52,663	50,257	988	1,474
India	79,712	71,200	2,883	3,574
Kenya	66,189	69,691	1,335	1,508
Malawi	62,005	53,848	1,746	2,526
North America and Bermuda	11,170	8,634	670	445
South Africa	10,347	9,599	507	259
South America	<u>11,442</u>	<u>11,601</u>	<u>426</u>	<u>1,303</u>
	<u>603,994</u>	<u>595,893</u>	<u>19,019</u>	<u>17,290</u>

Results of banking subsidiaries

		2014 £'000	2013 £'000
Interest receivable	third parties	2,415	3,303
Interest payable	third parties	(163)	(332)
	group companies	(17)	(21)
Net interest income		2,235	2,950
Fee and commission income		10,707	11,067
Fee and commission expense		(586)	(470)
Inter-segment net interest		17	21
Revenue		12,373	13,568
Other operating income		211	107
		12,584	13,675
Operating expenses		(15,080)	(13,554)
Segment (loss)/profit		(2,496)	121

2 Revenue

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

	2014 £'000	2013 £'000
Sale of goods	165,768	176,561
Distribution and warehousing revenue	30,941	30,785
Engineering services revenue	28,872	29,587
Banking service revenue	12,373	13,568
Agency commission revenue	644	490
Property rental revenue	270	276
Total group revenue	238,868	251,267
Other operating income	2,179	2,129
Investment income	2,161	2,417
Interest income	2,864	3,417
Total group income	246,072	259,230

3 Trading profit

	2014 £'000	2013 £'000
The following items have been included in arriving at trading profit:		
Employment costs (note 14)	82,113	76,601
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	110,492	92,136
Cost of inventories provision recognised as an expense (included in cost of sales)	411	215
Cost of inventories provision reversed (included in cost of sales)	(19)	(59)
Business interruption income received from insurance claim	–	600
Depreciation of property, plant and equipment:		
Owned assets	9,619	8,910
Under finance leases	40	157
Amortisation of intangibles (included in administrative expenses)	506	460
Impairment of available-for-sale financial assets (included in administrative expenses)	26	22
Profit on disposal of property, plant and equipment	(125)	(250)
Operating leases – lease payments:		
Plant and machinery	353	327
Property	938	760
Repairs and maintenance expenditure on property, plant and equipment	4,650	4,998
Currency exchange (gains)/losses (credited)/charged to income include:		
Revenue	(652)	(803)
Cost of sales	(16)	25
Distribution costs	(173)	(78)
Administrative expenses	14	(721)
Finance income	(607)	(1,031)
	(1,434)	(2,608)

Included in the amounts above is an exchange gain of £1,879,000 (2013: £1,644,000 gain) relating to the Malawian Kwacha.

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

Audit services:

Statutory audit:

Parent company and consolidated financial statements	179	177
Subsidiary companies	<u>667</u>	<u>672</u>

846 849

Audit – related regulatory reporting	60	62
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Tax services:

Compliance services	19	38
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Advisory services	–	12
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Other services not covered above	<u>30</u>	<u>62</u>
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955 1,023

4 **Headline profit**

The group seeks to present an indication of the underlying performance which is not impacted by exceptional items or items considered non-operational in nature. This measure of profit is described as 'headline' and is used by management to measure and monitor performance.

The following items have been excluded from the headline measure:

- Exceptional items, including profit and losses from disposal of non-current assets and available-for-sale investments and impairments of non-current assets.
- Gains and losses arising from changes in fair value of biological assets, which are a non-cash item, and which the directors believe should be excluded to give a better understanding of the group's underlying performance.
- Financing income and expense relating to retirement benefits.

Headline profit before tax comprises:

	2014		2013	
	£'000	£'000	£'000	£'000
Trading profit		11,112		31,183
Share of associates' results		1,092		980
Investment income		2,161		2,417
Net finance income	1,819		2,084	
Exclude				
– Employee benefit expense	<u>1,044</u>		<u>1,486</u>	
Headline finance income		<u>2,863</u>		<u>3,570</u>
Headline profit before tax		<u>17,228</u>		<u>38,150</u>

Non-headline items in profit before tax comprises:

Exceptional items

Impairment of available-for-sale financial assets	(2,334)	–
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Impairment of property, plant and equipment and provisions	(1,134)	–
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Profit on disposal of non-current assets	–	542
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Profit on disposal of available-for-sale investments	<u>447</u>	<u>1,349</u>
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(3,021) 1,891

Gain arising from changes in fair value of biological assets	8,820	21,093
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Employee benefit expense	<u>(1,044)</u>	<u>(1,486)</u>
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Non-headline items in profit before tax	<u>4,755</u>	<u>21,498</u>
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5 **Share of associates' results**

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

	2014	2013
	£'000	£'000
Profit before tax	1,814	1,643
Taxation	<u>(722)</u>	<u>(663)</u>
Profit after tax	<u>1,092</u>	<u>980</u>

6 **Impairment of available-for sale financial assets**

An impairment provision of £2,334,000 has been made against the group's investment in Ascendant Group, a Bermudian power company, following a significant long-term decline in the value of this investment.

7 Impairment of property, plant and equipment and provisions

Following the continuing losses at AKD Engineering Limited, a wholly owned subsidiary, an assessment of the impact on the company's balance sheet at 31 December 2014 was undertaken resulting in a charge of £1,134,000 being made. This charge includes a £824,000 impairment provision against property, plant and equipment and £310,000 of provisions including £267,000 in relation to an onerous lease. The continued poor performance has resulted in the decision by AKD Engineering Limited to close with effect from the end of June 2015.

8 Profit on non-current assets

In 2013, a profit of £542,000 was realised following the part recovery of insurance claims received in relation to the property, plant and equipment destroyed by the fire in 2011 at one of the tea processing factories owned by Eastern Produce Malawi Limited.

9 Finance income and costs

	2014 £'000	2013 £'000
Interest payable on loans and bank overdrafts	(607)	(874)
Interest payable on obligations under finance leases	(1)	(4)
Finance costs	(608)	(878)
Finance income – interest income on short-term bank deposits	2,864	3,417
Net exchange gain on foreign cash balances	607	1,031
Employee benefit expense (note 32)	(1,044)	(1,486)
Net finance income	<u>1,819</u>	<u>2,084</u>

The above figures do not include any amounts relating to the banking subsidiaries.

10 Taxation

Analysis of charge in the year

	2014 £'000	2013 £'000
Current tax		
UK corporation tax		
UK corporation tax at 21.5 per cent. (2013: 23.25 per cent.)	882	2,425
Double tax relief	<u>(882)</u>	<u>(2,425)</u>
	–	–
Foreign tax		
Corporation tax	10,353	14,014
Adjustment in respect of prior years	<u>646</u>	<u>(73)</u>
	<u>10,999</u>	<u>13,941</u>
Total current tax	10,999	13,941
Deferred tax		
Origination and reversal of timing differences		
United Kingdom	–	–
Overseas	<u>2,674</u>	<u>8,164</u>
Total deferred tax	<u>2,674</u>	<u>8,164</u>
Tax on profit on ordinary activities	<u>13,673</u>	<u>22,105</u>

Factors affecting tax charge for the year

Profit on ordinary activities before tax	21,983	59,648
Share of associated undertakings profit	<u>(1,092)</u>	<u>(980)</u>
Group profit on ordinary activities before tax	<u>20,891</u>	<u>58,668</u>

Tax on ordinary activities at the standard rate of corporation tax in the UK of 21.5 per cent. (2013: 23.25 per cent.)

	4,492	13,640
Effects of:		
Adjustment to tax in respect of prior years	646	(73)
Expenses not deductible for tax purposes	2,477	1,737
Adjustment in respect of foreign tax rates	4,100	5,422
Additional tax arising on dividends from overseas companies	643	462
Other income not charged to tax	(1,787)	(691)
Increase in tax losses carried forward	3,207	1,104
Movement in other timing differences	<u>(105)</u>	<u>504</u>
Total tax charge for the year	<u>13,673</u>	<u>22,105</u>

11 Profit for the year

	2014 £'000	2013 £'000
The profit of the company was:	<u>3,610</u>	<u>4,411</u>

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

	2014 £'000	2013 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2013 of 91p (2012: 88p) per share	2,513	2,446
Interim dividend for the year ended 31 December 2014 of 34p (2013: 34p) per share	<u>939</u>	<u>942</u>
	<u>3,452</u>	<u>3,388</u>

Dividends amounting to £78,000 (2013: £76,000) have not been included as group companies hold 62,500 issued shares in the company. These are classified as treasury shares.

Proposed final dividend for the year ended 31 December 2014 of 92p (2013: 91p) per share	<u>2,599</u>	<u>2,575</u>
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The proposed final dividend is subject to approval by the shareholders at the annual general meeting and has not been included as a liability in these financial statements.

13 Earnings per share (EPS)

	Earnings £'000	2014 Weighted average number of shares Number	EPS Pence	Earnings £'000	2013 Weighted average number of shares Number	EPS Pence
Basic and diluted EPS						
Attributable to ordinary shareholders	<u>2,836</u>	<u>2,762,264</u>	<u>102.7</u>	<u>28,297</u>	<u>2,773,762</u>	<u>1,020.2</u>

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 33).

14 Employees

	2014 Number	2013 Number
Average number of employees by activity:		
Agriculture and horticulture	79,994	79,160
Engineering	390	451
Food storage and distribution	283	263
Banking and financial services	127	131
Central management	23	21
Other	<u>17</u>	<u>14</u>
	<u>80,834</u>	<u>80,040</u>
	2014 £'000	2013 £'000
Employment costs:		
Wages and salaries	74,307	68,177
Social security costs	3,626	3,258
Employee benefit obligations (see note 32) – UK	1,872	1,706
– Overseas	<u>2,308</u>	<u>3,460</u>

82,113

76,601

Total remuneration paid to key employees who are members of the executive committee, excluding directors of Camellia Plc, amounted to £875,000 (2013: £646,000).

Further details of directors' emoluments are set out on pages 20 to 22.

15 Emoluments of the directors

	2014 £'000	2013 £'000
Aggregate emoluments excluding pension contributions	<u>1,785</u>	<u>1,498</u>

Emoluments of the highest paid director excluding pension contributions were £466,000 (2013: £486,000).

Further details of directors' emoluments are set out on pages 20 to 22.

16 Intangible assets

	Goodwill £'000	Customer relationships £'000	Computer software £'000	Total £'000
<i>Group</i>				
Cost				
At 1 January 2013	3,978	4,814	2,098	10,890
Exchange differences	–	–	(31)	(31)
Additions	–	–	399	399
At 1 January 2014	<u>3,978</u>	<u>4,814</u>	<u>2,466</u>	<u>11,258</u>
Exchange differences	–	–	9	9
Additions	–	–	66	66
Reclassification from property, plant and equipment	–	–	2,503	2,503
At 31 December 2014	<u>3,978</u>	<u>4,814</u>	<u>5,044</u>	<u>13,836</u>
Amortisation				
At 1 January 2013	–	1,593	1,884	3,477
Exchange differences	–	–	(28)	(28)
Charge for the year	–	240	220	460
At 1 January 2014	–	1,833	2,076	3,909
Exchange differences	–	–	8	8
Reclassification from property, plant and equipment	–	–	2,341	2,341
Charge for the year	–	241	265	506
At 31 December 2014	<u>–</u>	<u>2,074</u>	<u>4,690</u>	<u>6,764</u>
Net book value at 31 December 2014	<u>3,978</u>	<u>2,740</u>	<u>354</u>	<u>7,072</u>
Net book value at 31 December 2013	<u>3,978</u>	<u>2,981</u>	<u>390</u>	<u>7,349</u>

Impairment testing

Timing of impairment testing

The group's impairment test in respect of intangible assets allocated to each component of the cash-generating unit ('CGU') is performed as at 31 December each year. In line with the accounting policy, impairment testing is also performed whenever there is an indication that the assets may be impaired. There was no indication of impairment in the year to 31 December 2014. For the purpose of this impairment testing, the group's CGU components represent the wealth management element of the holistic private banking service provided by Duncan Lawrie.

Basis of the recoverable amount – value in use or fair value less costs to sell

The recoverable amount of the CGU to which customer relationships and goodwill have been allocated was assessed at each respective testing date in 2014 and 2013. The wealth management component of the CGU is assessed on the basis of the fair value less costs to sell by applying industry average multiples to the value of assets under management.

Based on the conditions at the balance sheet date, a change in any of the key assumptions described above would not cause an impairment to be recognised in respect of goodwill and customer relationships. The industry multiple applied would have to reduce to 1 per cent. before any impairment of goodwill or customer relationships would arise.

17 Property, plant and equipment

	Land and	Plant and	Fixtures, fittings and
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<i>Group</i>	buildings £'000	machinery £'000	equipment £'000	Total £'000
Deemed cost				
At 1 January 2013	82,992	94,511	20,388	197,891
Exchange differences	(3,848)	(6,144)	(325)	(10,317)
Additions	4,364	11,989	937	17,290
Disposals	(588)	(1,332)	(591)	(2,511)
At 1 January 2014	82,920	99,024	20,409	202,353
Exchange differences	1,036	768	123	1,927
Additions	9,881	8,049	1,089	19,019
Disposals	(466)	(1,234)	(153)	(1,853)
Reclassification to intangible assets	–	–	(2,503)	(2,503)
At 31 December 2014	93,371	106,607	18,965	218,943
Depreciation				
At 1 January 2013	34,751	57,731	11,926	104,408
Exchange differences	(1,346)	(3,197)	(235)	(4,778)
Charge for the year	2,401	5,930	736	9,067
Disposals	(557)	(1,038)	(589)	(2,184)
At 1 January 2014	35,249	59,426	11,838	106,513
Exchange differences	409	592	78	1,079
Charge for the year	2,383	6,522	754	9,659
Disposals	(452)	(1,157)	(105)	(1,714)
Impairment provision	337	461	26	824
Reclassification to intangible assets	–	–	(2,341)	(2,341)
At 31 December 2014	37,926	65,844	10,250	114,020
Net book value at 31 December 2014	55,445	40,763	8,715	104,923
Net book value at 31 December 2013	47,671	39,598	8,571	95,840

Land and buildings at net book value comprise:

	2014 £'000	2013 £'000
Freehold	33,779	27,162
Long leasehold	20,630	19,416
Short leasehold	1,036	1,093
	<u>55,445</u>	<u>47,671</u>

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £9,000 (2013: £15,000) and their net book value was £14,000 (2013: £10,000).

The amount of expenditure for property, plant and equipment in the course of construction amounted to £948,000 (2013: £1,811,000).

18 Biological assets

<i>Group</i>	Tea £'000	Edible nuts £'000	Timber £'000	Other £'000	Total £'000
At 1 January 2013	69,200	22,287	10,261	17,945	119,693
Exchange differences	(9,308)	(5,032)	(958)	(557)	(15,855)
New planting additions	1,804	2,602	411	–	4,817
Capitalised cultivation costs	–	726	–	4,718	5,444
Gains arising from changes in fair value less estimated point-of-sale costs	15,620	3,063	835	1,575	21,093
Decreases due to harvesting	–	(2,327)	(356)	(5,294)	(7,977)
At 1 January 2014	77,316	21,319	10,193	18,387	127,215
Exchange differences	1,759	(380)	(67)	548	1,860
New planting additions	1,919	2,602	551	–	5,072
Capitalised cultivation costs	–	1,285	–	4,351	5,636
Gains arising from changes in fair value less estimated point-of-sale costs	4,566	4,109	(29)	174	8,820
Decreases due to harvesting	–	(2,969)	(496)	(5,139)	(8,604)
At 31 December 2014	85,560	25,966	10,152	18,321	139,999

Other includes avocados, citrus, grapes, livestock, maize, pineapples, rubber and soya.

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. At 31 December 2014 professional valuations were obtained on a significant proportion of assets. 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. The fair value of livestock is based on market prices of livestock of similar age and sex.

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

For crops other than tea and rubber capitalised cultivation costs represent annual growing costs incurred. Growing costs for tea and rubber are charged directly to inventory which are included in cost of sales and do not include any uplift on initial recognition as no appropriate market value can be determined for green leaf and rubber produced at harvest prior to manufacturing.

Decreases due to harvesting represent values transferred to cost of sales at the point of harvest for agricultural produce other than tea and rubber.

The discount rates used reflect the cost of capital, an assessment of country risk and the risks associated with individual crops. The range of discount rates used is:

	Tea %	Edible nuts %	Timber %	Other %
2014	13.5	12.0 - 17.5	10.5 - 17.5	5.0 - 17.5
2013	13.5	12.0 - 17.5	10.5 - 17.5	5.0 - 17.5

During the year the Malawian kwacha depreciated in value from 712.19 (2013: 544.05) to the pound sterling at 1 January 2014 to 725.05 (2013: 712.19) to the pound sterling at 31 December 2014. The functional currency of our Malawian subsidiaries is the kwacha. Our principal assets in Malawi are agricultural assets. As they generate revenues in currencies other than the kwacha their value in hard currency has not fallen in the year. Accordingly, the revaluation of the agricultural assets in kwacha under IAS 41 at 31 December 2014 has generated a credit of £6,546,000 (2013: £18,631,000) including a gain of £978,000 (2013: £11,032,000) due to the currency devaluation which is included in the overall gain of £8,820,000 (2013: £21,093,000) credited to the income statement. This has been largely offset by a foreign exchange translation loss charged to reserves.

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 pages 32 and 33.

Valuations by external professional valuers and those derived from discounted cash flows both make assumptions based on unobservable 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 achieved.

Financial risk management strategies

The group is exposed to financial risks arising from changes in the prices of the agricultural products it produces. The group does not anticipate that these prices will decline significantly in the foreseeable future. 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 review 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.

The estimated fair value of agricultural output from our tea operations after deducting estimated points of sales costs is £73,457,000 (2013: £89,092,000) which includes a gain on initial recognition at the point of harvest of £13,093,000 (2013: £29,225,000).

The areas planted to the various crop types at the end of the year were:

	2014 Hectares	2013 Hectares
Tea	34,345	34,591
Macadamia	3,060	2,956
Pistachios	130	130
Almonds	56	56
Timber	5,822	6,498
Arable crops	3,528	3,530
Avocados	414	414
Citrus	178	178

Pineapples	50	48
Rubber	1,901	1,901
Wine grapes	<u>75</u>	<u>72</u>
	2014	2013
	Head	Head
Livestock numbers on hand at the end of the year	<u>3,874</u>	<u>4,659</u>

Output of agricultural produce during the year was:

	2014	2013
	Metric	Metric
	tonnes	tonnes
Tea	67,855	70,871
Macadamia	1,222	994
Pistachios	621	55
Arable crops	12,838	16,336
Avocados	6,339	4,247
Citrus	5,618	6,577
Pineapples	1,552	1,478
Rubber	601	669
Wine grapes	<u>718</u>	<u>455</u>
	2014	2013
	Cubic	Cubic
	metres	metres
Timber	<u>122,768</u>	<u>117,463</u>

19 Prepaid operating leases

	£'000
<i>Group</i>	
Cost	
At 1 January 2013	929
Exchange differences	<u>(19)</u>
At 1 January 2014	910
Exchange differences	<u>11</u>
At 31 December 2014	<u>921</u>
Amortisation	
At 1 January 2013	19
Charge for the year	<u>1</u>
At 1 January 2014	20
Charge for the year	<u>1</u>
At 31 December 2014	<u>21</u>
Net book value at 31 December 2014	<u>900</u>
Net book value at 31 December 2013	<u>890</u>

20 Investments in subsidiaries

	2014	2013
	£'000	£'000
<i>Company</i>		
Cost		
At 1 January and 31 December	<u>73,508</u>	<u>73,508</u>

21 Investments in associates

	2014	2013
	£'000	£'000
<i>Group</i>		
At 1 January	7,343	6,549
Exchange differences	473	17
Share of profit (note 5)	1,092	980

Dividends	(244)	(203)
At 31 December	<u>8,664</u>	<u>7,343</u>

Details of the group's associates are shown in note 39.

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 £'000	Liabilities £'000	Revenues £'000	Profit £'000	Interest held %	Market value £'000
2014							
Listed							
United Finance Limited*	Bangladesh	49,411	(42,455)	5,942	949	38.4	10,607
United Insurance Company Limited	Bangladesh	<u>2,269</u>	<u>(561)</u>	<u>270</u>	<u>143</u>	37.0	<u>3,709</u>
		<u>51,680</u>	<u>(43,016)</u>	<u>6,212</u>	<u>1,092</u>		<u>14,316</u>
2013							
Listed							
United Finance Limited*	Bangladesh	41,152	(35,358)	5,832	817	38.4	10,212
United Insurance Company Limited	Bangladesh	<u>2,087</u>	<u>(538)</u>	<u>269</u>	<u>163</u>	37.0	<u>4,445</u>
		<u>43,239</u>	<u>(35,896)</u>	<u>6,101</u>	<u>980</u>		<u>14,657</u>

* In November 2014, United Leasing Company Limited changed its name to United Finance Limited.

22 Available-for-sale financial assets

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cost or fair value				
At 1 January	61,697	52,205	170	170
Exchange differences	3,793	(1,646)	–	–
Fair value adjustment	2,822	3,367	–	–
Additions	308	12,875	–	–
Disposals	(486)	(5,075)	–	–
Fair value adjustment for disposal	<u>(364)</u>	<u>(29)</u>	<u>–</u>	<u>–</u>
At 31 December	<u>67,770</u>	<u>61,697</u>	<u>170</u>	<u>170</u>
Provision for diminution in value				
At 1 January	1,696	1,704		
Exchange differences	226	(30)		
Provided during year	<u>2,360</u>	<u>22</u>		
At 31 December	<u>4,282</u>	<u>1,696</u>		
Net book value at 31 December	<u>63,488</u>	<u>60,001</u>	<u>170</u>	<u>170</u>

Available-for-sale financial assets include the following:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Listed securities:				
Equity securities – UK	862	845		
Equity securities – Bermuda	39,101	36,910		
Equity securities – Japan	11,269	9,794		
Equity securities – Switzerland	6,092	6,553		
Equity securities – US	2,719	2,869		
Equity securities – India	1,809	1,230		
Equity securities – Europe	351	363		
Equity securities – Other	338	348		
Debentures with fixed interest of 12.5% and repayable twice yearly until 31 October 2019 – Kenya	766	908		
Unlisted investments	<u>181</u>	<u>181</u>	<u>170</u>	<u>170</u>
	<u>63,488</u>	<u>60,001</u>	<u>170</u>	<u>170</u>

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sterling	1,032	1,015	170	170
US Dollar	2,719	2,869		
Euro	351	363		
Swiss Franc	6,092	6,553		
Indian Rupee	1,809	1,230		
Bermudian Dollar	39,101	36,910		
Japanese Yen	11,269	9,794		
Kenyan Shilling	772	914		
Other	343	353		
	<u>63,488</u>	<u>60,001</u>	<u>170</u>	<u>170</u>

23 Held-to-maturity financial assets

	Group	
	2014 £'000	2013 £'000
Cost or fair value		
At 1 January	1,000	3,993
Additions	–	1,000
Disposals	<u>(1,000)</u>	<u>(3,993)</u>
At 31 December	<u>–</u>	<u>1,000</u>
Net book value comprises:		
Bank and building society certificates of deposit	<u>–</u>	<u>1,000</u>

Bank and building society certificates of deposit are held by the group's banking operation.

24 Other investments

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cost				
At 1 January	8,745	8,598	8,750	8,603
Additions	126	157	126	157
Disposals	<u>(7)</u>	<u>(10)</u>	<u>(7)</u>	<u>(10)</u>
At 31 December	<u>8,864</u>	<u>8,745</u>	<u>8,869</u>	<u>8,750</u>

Other investments comprise the group's and company's investment in fine art, philately, documents and manuscripts. The market value of collections is expected to be in excess of book value.

25 Inventories

	2014 £'000	2013 £'000
<i>Group</i>		
Made tea	24,417	22,734
Other agricultural produce	979	828
Work in progress	2,773	3,096
Trading stocks	2,659	2,416
Raw materials and consumables	<u>11,013</u>	<u>9,746</u>
	<u>41,841</u>	<u>38,820</u>

Made tea is included in inventory at cost as no reliable fair value is available to reflect the uplift in value upon initial recognition of harvested green leaf.

Included within the inventory value of made tea of £24,417,000 (2013: £22,734,000) are costs associated with the growing and cultivation of green leaf from our own estates of £12,095,000 (2013: £10,604,000). This would increase by £2,516,000 (2013: £5,103,000) if estimated green leaf fair values at harvest were applied. The impact on the income statement would be a decrease (2013 increase) in profit for the year to 31 December 2014 of £2,587,000 (2013: £1,061,000) and a decrease (2013 increase) in taxation of £900,000 (2013: £370,000).

The year end inventories balance is stated after a write-down provision of £104,000 (2013: £117,000).

26 Trade and other receivables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
<i>Group</i>				
Current:				
Amounts due from customers of banking subsidiaries	16,688	29,930	-	-
Trade receivables	28,976	27,137	-	-
Amounts owed by associated undertakings	-	34	-	-
Other receivables	8,532	6,792	-	-
Prepayments and accrued income	9,096	5,861	-	-
	<u>63,292</u>	<u>69,754</u>	<u>-</u>	<u>-</u>
Non-current:				
Amounts due from customers of banking subsidiaries	22,066	3,036	-	-
Other receivables	1,237	1,077	-	-
	<u>23,303</u>	<u>4,113</u>	<u>-</u>	<u>-</u>

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

	2014 £'000	2013 £'000
Current:		
Sterling	33,501	45,670
US Dollar	5,791	3,176
Euro	1,487	1,104
Kenyan Shilling	1,741	1,538
Indian Rupee	16,188	14,467
Malawian Kwacha	1,183	899
Bangladesh Taka	2,144	2,070
South African Rand	127	65
Brazilian Real	508	548
Other	622	217
	<u>63,292</u>	<u>69,754</u>
Non-current:		
Sterling	21,912	1,920
US Dollar	154	464
Euro	-	652
Kenyan Shilling	340	272
Indian Rupee	403	370
Malawian Kwacha	230	185
Bangladesh Taka	264	250
	<u>23,303</u>	<u>4,113</u>

Included within trade receivables is a provision for doubtful debts of £595,000 (2013: £450,000).

Trade receivables include receivables of £3,797,000 (2013: £3,710,000) which are past due at the reporting date against which the group has not provided, as there has not been a significant change in credit quality and the amounts are still considered recoverable. Ageing of past due but not provided for receivables is as follows:

	2014 £'000	2013 £'000
Up to 30 days	2,308	2,450
30-60 days	510	639
60-90 days	496	365
Over 90 days	483	256
	<u>3,797</u>	<u>3,710</u>

27 Cash and cash equivalents

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
<i>Group</i>				
Cash at bank and in hand	190,542	218,611	-	-
Short-term bank deposits	36,290	51,611	-	-
Short-term liquid investments	30,332	19,401	-	-

<u>257,164</u>	<u>289,623</u>	<u>-</u>	<u>-</u>
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Included in the amounts above are cash and short-term funds, time deposits with banks and building societies, UK treasury bills and certificates of deposit amounting to £200,285,000 (2013: £213,785,000) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

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

	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Cash and cash equivalents (excluding banking operations)	56,879	75,838	-	-
Bank overdrafts (note 29)	<u>(2,757)</u>	<u>(2,938)</u>	-	-
	<u>54,122</u>	<u>72,900</u>	-	-

	2014	2013
Effective interest rate:		
Short-term deposits	0.40 – 12.00%	0.00 – 14.75%
Short-term liquid investments	0.00 – 0.77%	0.00 – 0.80%
Average maturity period:		
Short-term deposits	77 days	67 days
Short-term liquid investments	16 days	20 days

28 Trade and other payables

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Current:				
Amounts due to customers of banking subsidiaries	209,677	219,517	-	-
Trade payables	23,913	22,609	-	-
Other taxation and social security	2,304	2,061	-	-
Other payables	14,640	12,629	134	138
Accruals	<u>7,758</u>	<u>8,301</u>	-	-
	<u>258,292</u>	<u>265,117</u>	<u>134</u>	<u>138</u>
Non-current:				
Amounts due to customers of banking subsidiaries	<u>5,130</u>	<u>2,451</u>	-	-

29 Financial liabilities – borrowings

	2014 £'000	2013 £'000
<i>Group</i>		
Current:		
Bank overdrafts	2,757	2,938
Bank loans	94	107
Finance leases	4	6
	<u>2,855</u>	<u>3,051</u>
Current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank overdrafts	1,429	1,164
Bank loans	94	107
Finance leases	4	6
	<u>1,527</u>	<u>1,277</u>
Non-current:		
Bank loans	42	66
Finance leases	-	12
	<u>42</u>	<u>78</u>
Non-current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank loans	42	66
Finance leases	-	12
	<u>42</u>	<u>78</u>

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

2014

2013

	£'000	£'000
Within one year or on demand (included in current liabilities)	2,851	3,045
Between 1 – 2 years	12	22
Between 2 – 5 years	14	25
After 5 years	16	19
	<u>2,893</u>	<u>3,111</u>
Minimum finance lease payments fall due as follows:		
Within one year or on demand (included in current liabilities)	4	7
Between 1 – 2 years	–	12
	4	19
Future finance charges on finance leases	–	(1)
Present value of finance lease liabilities	<u>4</u>	<u>18</u>
The present value of finance lease liabilities fall due as follows:		
Within one year or on demand (included in current liabilities)	4	6
Between 1 – 2 years	–	12
	<u>4</u>	<u>18</u>

The rates of interest payable by the group ranged between:

	2014	2013
	%	%
Overdrafts	2.25 – 36.00	2.25 – 35.00
Bank loans	9.00 – 13.00	9.00 – 13.00
Finance leases	18.00	6.25 – 18.00

30 Provisions

	Onerous lease £'000	Others £'000	Total £'000
<i>Group</i>			
At 1 January 2013	671	456	1,127
Utilised in the period	(150)	(206)	(356)
Provided in the period	–	60	60
Unused amounts reversed in period	(71)	(100)	(171)
At 1 January 2014	450	210	660
Utilised in the period	(450)	–	(450)
Provided in the period	267	159	426
At 31 December 2014	<u>267</u>	<u>369</u>	<u>636</u>
Current:			
At 31 December 2014	<u>267</u>	<u>369</u>	<u>636</u>
At 31 December 2013	<u>150</u>	<u>210</u>	<u>360</u>
Non-current:			
At 31 December 2014	–	–	–
At 31 December 2013	<u>300</u>	–	<u>300</u>

The provision for onerous lease of £450,000 brought forward related to a lease commitment for vacant warehouse premises and during the period the property was subleased.

In the year, provision for an onerous lease totalling £267,000 has been made following continuing losses at AKD Engineering which led to an assessment of the company balance sheet at 31 December 2014.

Others relate to provisions for claims and dilapidations.

31 Deferred tax

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

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
At 1 January	39,106	35,911	258	280
Exchange differences	424	(5,097)	–	–
Charged/(credited) to the income statement	2,674	8,164	(18)	(22)

(Credited)/charged to equity	(770)	128	–	–
At 31 December	<u>41,434</u>	<u>39,106</u>	<u>240</u>	<u>258</u>

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

Deferred tax liabilities

	Accelerated tax depreciation £'000	Pension scheme liability £'000	Other £'000	Total £'000
At 1 January 2013	37,665	272	332	38,269
Exchange differences	(5,187)	3	(68)	(5,252)
Charged/(credited) to the income statement	8,442	28	(60)	8,410
Credited to equity	–	(65)	–	(65)
At 1 January 2014	40,920	238	204	41,362
Exchange differences	421	13	4	438
Charged/(credited) to the income statement	3,784	102	(208)	3,678
Credited to equity	–	(71)	–	(71)
At 31 December 2014	<u>45,125</u>	<u>282</u>	<u>–</u>	<u>45,407</u>
Deferred tax assets offset				(3,789)
Net deferred tax liability after offset				<u>41,618</u>

Deferred tax assets

	Tax losses £'000	Pension scheme asset £'000	Other £'000	Total £'000
At 1 January 2013	263	902	1,193	2,358
Exchange differences	(45)	(57)	(53)	(155)
(Charged)/credited to the income statement	(5)	39	212	246
Charged to equity	–	(51)	(142)	(193)
At 1 January 2014	213	833	1,210	2,256
Exchange differences	15	16	(17)	14
Credited/(charged) to the income statement	497	(579)	1,086	1,004
Credited to equity	–	627	72	699
At 31 December 2014	<u>725</u>	<u>897</u>	<u>2,351</u>	<u>3,973</u>
Offset against deferred tax liabilities				(3,789)
Net deferred tax asset after offset				<u>184</u>

Included within deferred tax liabilities are £39,495,000 (2013: £35,937,000) of accelerated tax depreciation relating to biological assets.

Deferred tax liabilities of £11,782,000 (2013: £10,827,000) 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.

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 £8,054,000 (2013: £4,858,000) in respect of losses that can be carried forward against future taxable income.

32 Employee benefit obligations

(i) Pensions

Certain group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, final salary defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the group. On 1 July 2011, the three UK defined benefit pension schemes were merged to form the Linton Park Pension Scheme (2011). A full actuarial valuation was undertaken as at 1 July 2011 and updated to 31 December 2014 by a qualified independent actuary. The UK final salary defined benefit pension scheme is closed to new entrants and new employees are eligible to join a group personal pension plan. From 1 July 2011, active members of the Linton Park Pension Scheme (2011) earn accruals at a rate of 1/80th per year of service from a rate of 1/60th per year of service previously earned as members of the Linton Park Pension Scheme or the Lawrie Group Pension Scheme.

The overseas schemes are operated in group subsidiaries located in Bangladesh, India and The Netherlands. Actuarial valuations have been updated to 31 December 2014 by qualified actuaries for these schemes.

Assumptions

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

	2014 % per annum	2013 % per annum
UK schemes		
Rate of increase in salaries	2.00	2.50
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.00 – 5.00	2.50 – 5.00
Discount rate applied to scheme liabilities	3.50	4.50
Inflation assumption (CPI/RPI)	2.00/3.00	2.50/3.50

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are S1PA, on a year of birth basis, with CMI_2010 future improvement factors and subject to a long term annual rate of future improvement of 1 per cent. per annum. This results in males and females aged 65 having life expectancies of 22 years and 24 years respectively.

Overseas schemes

Rate of increase in salaries	2.00 – 7.00	2.00 – 7.00
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 – 5.00	0.00 – 5.00
Discount rate applied to scheme liabilities	2.10 – 11.50	3.50 – 11.50
Inflation assumption	0.00 – 7.00	0.00 – 7.00

(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.

Assumptions

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

	2014 % per annum	2013 % per annum
Rate of increase in salaries	6.00 – 10.00	6.00 – 10.00
Discount rate applied to scheme liabilities	8.00 – 13.50	5.00 – 13.50
Inflation assumptions	0.00 – 10.00	0.00 – 10.00

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
Pre-retirement discount rate	1.0% lower	4.0% increase
Post-retirement discount rate	0.5% lower	5.0% increase
Salary increase rate	0.2% lower	0.5% decrease
Inflation rate	0.2% lower	2.0% decrease
Long-term rate of improvement of mortality	0.5% higher	3.0% increase

The above sensitivity analysis assumes that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative. The sensitivity analysis was calculated by rerunning the figures as at the last formal actuarial valuation at 1 July 2011. Therefore the analysis is only approximate for the purpose of these IAS19 disclosures as they are on a different set of assumptions and do not reflect subsequent scheme experience.

Duration of the scheme liabilities

The weighted average duration of the UK defined benefit obligation is 15 years.

Analysis of scheme liabilities

As at 1 July 2011 the allocation of the present value of the UK scheme liabilities was as follows:

	%
Active members	16
Deferred pensioners	23

Current pensioners	61
Total membership	<u>100</u>

(iii) Actuarial valuations

	2014			2013		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
Equities and property	93,247	494	93,741	99,185	454	99,639
Bonds	52,088	11,826	63,914	44,370	11,652	56,022
Cash	4,359	4,197	8,556	1,731	3,035	4,766
Other	–	3,421	3,421	–	3,607	3,607
Total fair value of plan assets	149,694	19,938	169,632	145,286	18,748	164,034
Present value of defined benefit obligations	(184,326)	(26,913)	(211,239)	(162,294)	(23,081)	(185,375)
Total deficit in the schemes	(34,632)	(6,975)	(41,607)	(17,008)	(4,333)	(21,341)
Amount recognised as asset in the balance sheet	–	805	805	–	653	653
Amount recognised as current liability in the balance sheet	–	(527)	(527)	–	(448)	(448)
Amount recognised as non-current liability in the balance sheet	(34,632)	(7,253)	(41,885)	(17,008)	(4,538)	(21,546)
	(34,632)	(6,975)	(41,607)	(17,008)	(4,333)	(21,341)
Related deferred tax asset (note 31)	–	897	897	–	833	833
Related deferred tax liability (note 31)	–	(282)	(282)	–	(238)	(238)
Net deficit	(34,632)	(6,360)	(40,992)	(17,008)	(3,738)	(20,746)

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

	2014			2013		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	145,286	18,748	164,034	132,566	18,994	151,560
Expected return on plan assets	6,406	1,514	7,920	5,443	1,345	6,788
Employer contributions	1,531	635	2,166	1,780	1,206	2,986
Contributions paid by plan participants	–	22	22	–	22	22
Benefit payments	(7,410)	(1,336)	(8,746)	(7,704)	(1,244)	(8,948)
Actuarial gains	3,881	(106)	3,775	13,201	94	13,295
Exchange differences	–	461	461	–	(1,669)	(1,669)
At 31 December	149,694	19,938	169,632	145,286	18,748	164,034

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

	2014			2013		
	UK £'000	Overseas £'000	Total £'000	UK £'000	Overseas £'000	Total £'000
At 1 January	(162,294)	(23,081)	(185,375)	(160,427)	(23,730)	(184,157)
Current service cost	(769)	(909)	(1,678)	(883)	(989)	(1,872)
Past service cost	–	711	711	–	(266)	(266)
Contributions paid by plan participants	–	(22)	(22)	–	(22)	(22)
Interest cost	(7,137)	(1,827)	(8,964)	(6,576)	(1,698)	(8,274)
Benefit payments	7,410	1,336	8,746	7,704	1,244	8,948
Actuarial gains/(losses)	(21,536)	(2,580)	(24,116)	(2,112)	428	(1,684)
Exchange differences	–	(541)	(541)	–	1,952	1,952
At 31 December	(184,326)	(26,913)	(211,239)	(162,294)	(23,081)	(185,375)

In 2012, the total fair value of plan assets was £151,560,000, present value of defined benefit obligations was £184,157,000 and the deficit was £32,597,000. In 2011, the total fair value of plan assets was £140,343,000, present value of defined benefit obligations was £167,235,000 and the deficit was £26,892,000 and in 2010, the total fair value of plan assets was £145,891,000, present value of defined benefit obligations was £158,260,000 and the deficit was £12,369,000.

Income statement

The amounts recognised in the income statement are as follows:

	UK £'000	2014 Overseas £'000	Total £'000	UK £'000	2013 Overseas £'000	Total £'000
Amounts charged to operating profit:						
Current service cost	(769)	(909)	(1,678)	(883)	(989)	(1,872)
Past service cost	–	711	711	–	(266)	(266)
Total operating charge	(769)	(198)	(967)	(883)	(1,255)	(2,138)
Amounts charged to other finance costs:						
Interest expense	(731)	(313)	(1,044)	(1,133)	(353)	(1,486)
Total charged to income statement	(1,500)	(511)	(2,011)	(2,016)	(1,608)	(3,624)

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £3,213,000 (2013: £3,028,000).

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income:

	UK £'000	2014 Overseas £'000	Total £'000	UK £'000	2013 Overseas £'000	Total £'000
Actual return less expected return on pension scheme assets	3,881	(106)	3,775	13,201	94	13,295
Experience losses arising on scheme liabilities	(2,501)	(312)	(2,813)	(2,398)	(612)	(3,010)
Changes in assumptions underlying present value of scheme liabilities	(19,035)	(2,268)	(21,303)	286	1,040	1,326
Actuarial (loss)/gain	(17,655)	(2,686)	(20,341)	11,089	522	11,611

Cumulative actuarial losses recognised in the statement of comprehensive income are £44,115,000 (2013: £23,774,000).

The employer contributions to be paid to the UK defined benefit pension scheme for the year commencing 1 January 2015 is 19.8 per cent. for the period to 31 March 2015 and 20.0 per cent. from 1 April 2015 of pensionable salary for active members plus £915,000 additional contribution to reduce the scheme's funding deficit.

33 Share capital

	2014 £'000	2013 £'000
Authorised: 2,842,000 (2013: 2,842,000) ordinary shares of 10p each	284	284
Allotted, called up and fully paid: ordinary shares of 10p each:		
At 1 January – 2,829,700 (2013: 2,842,000) shares	283	284
Purchase of own shares – 5,200 (2013: 12,300) shares	(1)	(1)
At 31 December – 2,824,500 (2013: 2,829,700) shares	282	283

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

On 6 June 2013 the directors were authorised to purchase up to a maximum of 277,950 ordinary shares and during the period 5,200 shares were purchased. Total consideration was £471,000 (2013: £1,107,000). Upon cancellation of the shares purchased, a capital redemption reserve is created representing the nominal value of the shares cancelled.

34 Reconciliation of profit from operations to cash flow

	2014 £'000	2013 £'000
<i>Group</i>		
Profit from operations	18,003	55,147
Share of associates' results	(1,092)	(980)
Depreciation and amortisation	10,165	9,527
Impairment of assets	3,494	22
Gain arising from changes in fair value of biological assets	(8,820)	(21,093)
Profit on disposal of non-current assets	(125)	(792)
Profit on disposal of investments	(447)	(1,348)
Profit on part disposal of subsidiary	(56)	–
Increase in working capital	(6,326)	(671)
Pensions and similar provisions less payments	(1,235)	(392)
Biological assets capitalised cultivation costs	(5,636)	(5,444)

Biological assets decreases due to harvesting	8,604	7,977
Net decrease/(increase) in funds of banking subsidiaries	551	(7,706)
	<u>17,080</u>	<u>34,247</u>

35 Reconciliation of net cash flow to movement in net cash

	2014	2013
	£'000	£'000
<i>Group</i>		
Decrease in cash and cash equivalents in the year	(19,915)	(7,312)
Net cash outflow from decrease in debt	60	16
Decrease in net cash resulting from cash flows	(19,855)	(7,296)
Exchange rate movements	1,128	(1,161)
Decrease in net cash in the year	(18,727)	(8,457)
Net cash at beginning of year	72,709	81,166
Net cash at end of year	<u>53,982</u>	<u>72,709</u>

36 Commitments

Capital commitments

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

	2014	2013
	£'000	£'000
<i>Group</i>		
Property, plant and equipment	<u>824</u>	<u>1,812</u>

Operating leasing commitments – minimum lease payments

The group leases land and buildings, plant and machinery under non-cancellable operating lease arrangements, which have various terms and renewal rights.

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

	2014	2013
	£'000	£'000
<i>Group</i>		
Land and buildings:		
Within 1 year	826	817
Between 1 – 5 years	2,206	1,940
After 5 years	<u>12,875</u>	<u>13,675</u>
	<u>15,907</u>	<u>16,432</u>
Plant and machinery:		
Within 1 year	99	81
Between 1 – 5 years	<u>128</u>	<u>80</u>
	<u>227</u>	<u>161</u>

The group's most significant operating lease commitments are long term property leases with renewal terms in excess of 60 years.

37 Contingencies

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

The Malawi Revenue Authority has made a claim of Malawi kwacha K1.5 billion (£2,069,000) against Eastern Produce Malawi Limited for underpaid tax in prior years. The group has assessed the claim and provided for £680,000 of the amount in the current year tax charge. The remaining £1,389,000 is strongly contested on the basis that the directors believe it is without technical merit, and accordingly, no provision has been made.

38 Financial instruments

Capital risk management

The group manages its capital to ensure that the group 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 disclosed in note 29, 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 gross borrowings as a percentage of tangible net assets does not exceed 50 per cent..

The ratio at the year end is as follows:

	2014 £'000	2013 £'000
Borrowings	<u>2,897</u>	<u>3,129</u>
Tangible net assets	<u>314,632</u>	<u>325,117</u>
Ratio	<u>0.92%</u>	<u>0.96%</u>

Borrowings are defined as current and non-current borrowings, as detailed in note 29.

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 2014

	Loans and receivables £'000	Available for sale £'000	Held to maturity £'000	Total £'000
Assets as per balance sheet				
Available-for-sale financial assets	–	63,488	–	63,488
Trade and other receivables excluding prepayments	38,745	–	–	38,745
Loans and advances to customers of banking subsidiaries	38,754	–	–	38,754
Cash and cash equivalents (excluding bank subsidiaries)	56,879	–	–	56,879
Loans and advances to banks by banking subsidiaries	<u>200,285</u>	–	–	<u>200,285</u>
	<u>334,663</u>	<u>63,488</u>	–	<u>398,151</u>

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	2,893	2,893
Finance lease liabilities	4	4
Amounts due to customers of banking subsidiaries	214,807	214,807
Trade and other payables	46,311	46,311
Other non-current liabilities	<u>98</u>	<u>98</u>
	<u>264,113</u>	<u>264,113</u>

At 31 December 2013

	Loans and receivables £'000	Available for sale £'000	Held to maturity £'000	Total £'000
Assets as per balance sheet				
Available-for-sale financial assets	–	60,001	–	60,001
Trade and other receivables excluding prepayments	35,040	–	–	35,040
Loans and advances to customers of banking subsidiaries	32,966	–	–	32,966
Held-to-maturity financial assets	–	–	1,000	1,000
Cash and cash equivalents (excluding bank subsidiaries)	75,838	–	–	75,838
Loans and advances to banks by banking subsidiaries	<u>213,785</u>	–	–	<u>213,785</u>
	<u>357,629</u>	<u>60,001</u>	<u>1,000</u>	<u>418,630</u>

	Other financial liabilities at amortised cost £'000	Total £'000
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	3,111	3,111
Finance lease liabilities	18	18
Amounts due to customers of banking subsidiaries	221,968	221,968
Trade and other payables	<u>43,539</u>	<u>43,539</u>

Other non-current liabilities	<u>103</u>	<u>103</u>
	<u>268,739</u>	<u>268,739</u>

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 18 for disclosures of biological assets that are measured at fair value.

At 31 December 2014

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available-for sale financial assets:				
– Equity securities	62,541	–	–	62,541
Debt investments:				
– Debentures	<u>766</u>	<u>–</u>	<u>–</u>	<u>766</u>
	<u>63,307</u>	<u>–</u>	<u>–</u>	<u>63,307</u>

At 31 December 2013

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available-for sale financial assets:				
– Equity securities	58,912	–	–	58,912
Debt investments:				
– Debentures	<u>908</u>	<u>–</u>	<u>–</u>	<u>908</u>
	<u>59,820</u>	<u>–</u>	<u>–</u>	<u>59,820</u>

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.

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, including Duncan Lawrie, the group's banking subsidiary, 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 no material exposure to foreign currency exchange risk on currencies other than the functional currencies of the operating entities, with the exception of significant Bermudian and Japanese available-for-sale financial assets. A movement by 5 per cent. in the exchange rate of the Bermudian Dollar and Japanese Yen with Sterling would increase/decrease profit and net assets by £1,955,000 (2013: £1,846,000) and £563,000 (2013: £490,000) 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 available-for-sale. 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, 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 equity balance would increase/decrease by £3,127,000 (2013: £2,946,000).

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. The group has no fixed rate exposure.

At 31 December 2014, 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 £215,000 (2013: £296,000) higher/lower.

At 31 December 2014, if interest rates on 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 £176,000 (2013: £196,000) higher/lower.

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

	Assets		Liabilities	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Sterling	178,831	176,233	143,660	137,005
US Dollar	52,105	66,953	42,165	55,100
Euro	19,403	20,871	18,666	20,488
Swiss Franc	9,827	19,609	5,231	6,103
Kenyan Shilling	11,915	17,591	2	–
Indian Rupee	7,873	6,585	807	739
Malawian Kwacha	38	44	785	1,055
Bangladesh Taka	4,066	6,465	248	336
Australian Dollar	527	681	522	678
South African Rand	1,359	1,930	151	149
Brazilian Real	3,346	2,834	–	–
Bermudian Dollar	1,153	355	–	–
Canadian Dollar	603	460	598	459
Japanese Yen	407	959	404	962
Other	4,465	2,019	4,465	2,023
	<u>295,918</u>	<u>323,589</u>	<u>217,704</u>	<u>225,097</u>

(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's approach to customer lending through the group's banking subsidiaries is risk averse with only 1.5 per cent. of the customer loan book being unsecured. Collateralised loans are normally secured against cash or property, with property loans being restricted to 70 per cent. of recent valuation although corporate or personal guarantees are also acceptable in some instances.

The group has a large number of trade receivables, the largest five receivables at the year end comprise 21 per cent. (2013: 24 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.

The two subsidiary companies which are engaged in banking activities, Duncan Lawrie Limited and Duncan Lawrie (IOM) Limited both have restrictions contained in their memorandum and articles of association which place a ceiling on their levels of customer lending. Such restrictions effectively limit the customer loan book to the value of the share capital and reserves of each banking subsidiary. This fact, in conjunction with the general matching of maturing customer deposits with market placements and the general use of liquid assets such as certificates of deposit, results in significantly reduced liquidity risk for Duncan Lawrie and the group.

At 31 December 2014, the group had undrawn committed facilities of £24,995,000 (2013: £23,998,000), all of which are due to be reviewed within one year.

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 £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Undated £'000	Total £'000
At 31 December 2014						
Assets						
Available-for-sale financial assets	153	153	460	–	62,722	63,488
Trade and other receivables	37,508	1,237	–	–	–	38,745
Loans and advances to customers of banking subsidiaries	14,345	5,998	15,163	905	2,343	38,754
Cash and cash equivalents (excluding bank subsidiaries)	56,879	–	–	–	–	56,879
Loans and advances to banks by banking subsidiaries	200,131	–	–	–	154	200,285
	<u>309,016</u>	<u>7,388</u>	<u>15,623</u>	<u>905</u>	<u>65,219</u>	<u>398,151</u>
Liabilities						
Borrowings (excluding finance lease liabilities)	2,851	12	14	16	–	2,893
Finance lease liabilities	4	–	–	–	–	4
Deposits by banks at banking subsidiaries	1,023	1,160	–	–	–	2,183
Customer accounts held at banking subsidiaries	208,620	970	2,916	84	34	212,624
Trade and other payables	46,311	–	–	–	–	46,311
Other non-current liabilities	–	–	–	98	–	98
	<u>258,809</u>	<u>2,142</u>	<u>2,930</u>	<u>198</u>	<u>34</u>	<u>264,113</u>
At 31 December 2013						
Assets						
Available-for-sale financial assets	151	151	455	151	59,093	60,001
Trade and other receivables	33,963	1,077	–	–	–	35,040
Loans and advances to customers of banking subsidiaries	26,967	928	2,013	95	2,963	32,966
Held-to-maturity financial assets	1,000	–	–	–	–	1,000
Cash and cash equivalents (excluding bank subsidiaries)	75,838	–	–	–	–	75,838
Loans and advances to banks by banking subsidiaries	213,545	–	–	–	240	213,785
	<u>351,464</u>	<u>2,156</u>	<u>2,468</u>	<u>246</u>	<u>62,296</u>	<u>418,630</u>
Liabilities						
Borrowings (excluding finance lease liabilities)	3,045	22	25	19	–	3,111
Finance lease liabilities	6	12	–	–	–	18
Deposits by banks at banking subsidiaries	2,465	–	–	–	–	2,465
Customer accounts held at banking subsidiaries	216,989	1,729	627	95	63	219,503
Trade and other payables	43,539	–	–	–	–	43,539
Other non-current liabilities	–	–	–	103	–	103
	<u>266,044</u>	<u>1,763</u>	<u>652</u>	<u>217</u>	<u>63</u>	<u>268,739</u>

Included in loans and advances to banks by banking subsidiaries repayable in less than 1 year is £170,486,000 (2013: £196,505,000) repayable on demand, £29,645,000 (2013: £15,156,000) repayable within 3 months and £nil (2013: £1,884,000) repayable between 3 and 12 months.

Included in loans and advances to customers of banking subsidiaries repayable in less than 1 year is £3,723,000 (2013: £11,779,000) repayable on demand, £2,209,000 (2013: £5,905,000) repayable within 3 months and £8,420,000 (2013: £9,283,000) repayable between 3 and 12 months.

Included in held-to-maturity financial assets repayable in less than 1 year is £nil (2013: £1,000,000) repayable between 3 and 12 months.

Included in deposits by banks at banking subsidiaries repayable in less than 1 year is £815,000 (2013: £2,268,000) repayable on demand and £208,000 (2013: £197,000) repayable between 3 and 12 months.

Included in customer accounts held at banking subsidiaries repayable in less than 1 year is £179,179,000 (2013: £163,143,000) repayable on demand, £25,871,000 (2013: £47,209,000) repayable within 3 months and £3,570,000 (2013: £6,637,000) repayable between 3 and 12 months.

Included in borrowings in less than 1 year is £2,757,000 (2013: £2,938,000) repayable on demand.

39 Principal subsidiary and associated undertakings

Subsidiary undertakings

The principal operating subsidiary undertakings of the group at 31 December 2014, which are wholly owned and incorporated in Great Britain unless otherwise stated, were:

	Principal country of operation
Agriculture and horticulture	
Amgoorie India Limited (Incorporated in India - 99.8 per cent. holding)	India
C.C. Lawrie Comércio e Participações Ltda. (Incorporated in Brazil)	Brazil
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa
Goodricke Group Limited (Incorporated in India – 77.5 per cent. holding)	India
Horizon Farms (An United States of America general partnership – 80.0 per cent. holding)	USA
Kakuzi Limited (Incorporated in Kenya – 50.7 per cent. holding)	Kenya
Koomber Tea Company Limited (Incorporated in India)	India
Longbourne Holdings Limited	Bangladesh
Stewart Holl (India) Limited (Incorporated in India – 92.0 per cent. holding)	India
Engineering	
Abbey Metal Finishing Company Limited	UK
AJT Engineering Limited	UK
AKD Engineering Limited	UK
Atfin GmbH (Incorporated in Germany – 51.0 per cent. holding)	Germany
British Metal Treatments Limited	UK
GU Cutting and Grinding Services Limited	UK
Loddon Engineering Limited	UK
Food storage and distribution	
Affish BV (Incorporated in The Netherlands)	The Netherlands
Associated Cold Stores & Transport Limited	UK
Wylax International BV (Incorporated in The Netherlands)	The Netherlands
Trading and agency	
Linton Park Services Limited	UK
Robertson Bois Dickson Anderson Limited	UK
Banking and financial services	
Duncan Lawrie Limited	UK
Duncan Lawrie Holdings Limited	UK
Duncan Lawrie (IOM) Limited (Incorporated in Isle of Man)	Isle of Man
Investment holding	
Affish Limited	UK
Assam Dooars Investments Limited	UK
Associated Fisheries Limited	UK
Bordure Limited	UK
John Ingham & Sons Limited	UK
Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda
Lawrie Group Plc (Owned directly by the company)	UK
Lawrie International Limited (Incorporated in Bermuda)	Bermuda
Linton Park Plc (Owned directly by the company)	UK
Unochrome Industries Limited	UK
Western Dooars Investments Limited	UK
Other	
XiMo AG (Incorporated in Switzerland – 51.0 per cent. holding)	Switzerland

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the group.

Summarised balance sheet

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Current				

Assets	17,573	23,760	9,333	9,708
Liabilities	<u>(9,802)</u>	<u>(10,177)</u>	<u>(12,811)</u>	<u>(9,991)</u>
Total current net assets/(liabilities)	<u>7,771</u>	<u>13,583</u>	<u>(3,478)</u>	<u>(283)</u>
Non-current				
Assets	25,108	24,383	52,158	44,838
Liabilities	<u>(6,861)</u>	<u>(6,507)</u>	<u>(14,756)</u>	<u>(12,933)</u>
Total non-current net assets	<u>18,247</u>	<u>17,876</u>	<u>37,402</u>	<u>31,905</u>
Net assets	<u>26,018</u>	<u>31,459</u>	<u>33,924</u>	<u>31,622</u>

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Current				
Assets	3,682	2,979	28,589	25,065
Liabilities	<u>(643)</u>	<u>(326)</u>	<u>(14,463)</u>	<u>(13,619)</u>
Total current net assets	<u>3,039</u>	<u>2,653</u>	<u>14,126</u>	<u>11,446</u>
Non-current				
Assets	5,371	5,334	23,627	21,498
Liabilities	<u>(1,345)</u>	<u>(1,342)</u>	<u>(6,787)</u>	<u>(4,647)</u>
Total non-current net assets	<u>4,026</u>	<u>3,992</u>	<u>16,840</u>	<u>16,851</u>
Net assets	<u>7,065</u>	<u>6,645</u>	<u>30,966</u>	<u>28,297</u>

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Current				
Assets	2,633	1,360	8,256	8,083
Liabilities	<u>(318)</u>	<u>(411)</u>	<u>(1,316)</u>	<u>(1,089)</u>
Total current net assets	<u>2,315</u>	<u>949</u>	<u>6,940</u>	<u>6,994</u>
Non-current				
Assets	8,536	7,274	19,095	17,956
Liabilities	<u>(829)</u>	<u>(781)</u>	<u>(4,924)</u>	<u>(4,662)</u>
Total non-current net assets	<u>7,707</u>	<u>6,493</u>	<u>14,171</u>	<u>13,294</u>
Net assets	<u>10,022</u>	<u>7,442</u>	<u>21,111</u>	<u>20,288</u>

Summarised income statement

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Revenue	<u>27,783</u>	<u>32,000</u>	<u>18,113</u>	<u>20,100</u>
Profit before tax	4,936	9,084	10,858	27,362
Taxation	<u>(1,537)</u>	<u>(2,754)</u>	<u>(3,279)</u>	<u>(8,101)</u>
Other comprehensive (expense)/income	<u>(127)</u>	<u>248</u>	<u>–</u>	<u>–</u>
Total comprehensive income	<u>3,272</u>	<u>6,578</u>	<u>7,579</u>	<u>19,261</u>
Total comprehensive income allocated to non-controlling interests	982	1,973	2,031	5,162
Dividends paid to non-controlling interests	2,686	1,872	698	686

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2014	2013	2014	2013

	£'000	£'000	£'000	£'000
Revenue	4,448	3,629	59,569	62,777
Profit before tax	975	222	5,157	5,162
Taxation	(306)	(130)	(1,509)	(1,872)
Other comprehensive expense	–	–	(1,206)	–
Total comprehensive income	669	92	2,442	3,290
Total comprehensive income allocated to non-controlling interests	179	25	782	718
Dividends paid to non-controlling interests	–	–	211	203

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Revenue	5,101	4,111	10,101	8,385
Profit before tax	3,246	2,565	1,607	1,769
Taxation	(1,243)	(907)	(501)	(549)
Other comprehensive (expense)/income	–	–	(41)	83
Total comprehensive income	2,003	1,658	1,065	1,303
Total comprehensive income allocated to non-controlling interests	401	332	525	643
Dividends paid to non-controlling interests	–	318	250	268

Summarised cash flows

	Eastern Produce Kenya Limited for year ended 31 December 2014 £'000	Eastern Produce Malawi Limited for year ended 31 December 2014 £'000	Eastern Produce South Africa Limited for year ended 31 December 2014 £'000
Cash flows from operating activities			
Cash generated from operations	4,272	4,602	9
Net interest received	831	815	64
Income tax paid	(1,462)	(1,335)	–
Net cash generated from operating activities	3,641	4,082	73
Net cash used in investing activities	(856)	(1,655)	(461)
Net cash (used in)/generated from financing activities	(8,954)	(2,605)	13
Net increase in cash and cash equivalents and bank overdrafts	(6,169)	(178)	(375)
Cash, cash equivalents and bank overdrafts at beginning of year	16,194	(113)	2,221
Exchange gains/(losses) on cash and cash equivalents	266	9	(82)
Cash, cash equivalents and bank overdrafts at end of year	10,291	(282)	1,764

	Goodricke Group Limited for year ended 31 December 2014 £'000	Horizon Farms for year ended 31 December 2014 £'000	Kakuzi Limited for year ended 31 December 2014 £'000
Cash flows from operating activities			
Cash generated from operations	3,929	1,939	3,196
Net interest received	–	–	585
Income tax paid	(1,659)	(1,243)	(326)
Net cash generated from operating activities	2,270	696	3,455
Net cash used in investing activities	(1,511)	(856)	(2,419)
Net cash used in financing activities	(1,269)	–	(507)
Net increase in cash and cash equivalents and bank	(510)	(160)	529

overdrafts			
Cash, cash equivalents and bank overdrafts at beginning of year	341	1,005	6,330
Exchange gains on cash and cash equivalents	1	53	37
Cash, cash equivalents and bank overdrafts at end of year	(168)	898	6,896

Associated undertakings

The principal associated undertakings of the group at 31 December 2014 were:

	Principal country of operation	Accounting date 2014	Group interest in equity capital per cent.
Insurance and leasing			
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	37.0
United Leasing Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	38.4

40 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 and none of the directors of Camellia Plc are connected with The Camellia Private Trust Company Limited or 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.

Independent auditors' report to the members of Camellia Plc

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union 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 and as regards the group financial statements, Article 4 of the IAS Regulation.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by Camellia Plc, comprise:

- the consolidated and company balance sheet as at 31 December 2014;
- the consolidated income statement and the group and company statement of comprehensive income for the year then ended;
- the consolidated and company cash flow statement and company cash flow statement for the year then ended;
- the group and company statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

Opinions on matters prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

23 April 2015

Five year record

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Revenue – continuing operations	<u>238,868</u>	<u>251,267</u>	<u>261,529</u>	<u>246,849</u>	<u>251,181</u>
Profit before tax	21,983	59,648	69,710	58,650	73,141
Taxation	<u>(13,673)</u>	<u>(22,105)</u>	<u>(25,662)</u>	<u>(16,860)</u>	<u>(22,107)</u>
Profit from continuing operations	<u>8,310</u>	<u>37,543</u>	<u>44,048</u>	<u>41,790</u>	<u>51,034</u>
Profit attributable to owners of the parent	<u>2,836</u>	<u>28,297</u>	<u>31,210</u>	<u>33,086</u>	<u>41,984</u>
Equity dividends paid	<u>3,452</u>	<u>3,388</u>	<u>3,224</u>	<u>3,057</u>	<u>2,891</u>
Equity					
Called up share capital	282	283	284	284	284
Reserves	<u>321,422</u>	<u>332,183</u>	<u>313,526</u>	<u>321,308</u>	<u>329,209</u>
Total shareholders' funds	<u>321,704</u>	<u>332,466</u>	<u>313,810</u>	<u>321,592</u>	<u>329,493</u>

Earnings per share	102.7 p	1,020.2p	1,122.9p	1,190.4p	1,510.5p
Dividend paid per share	125 p	122p	116p	110p	104p