Camellia Plc

Final results

Camellia Plc (AIM:CAM) announces its final results for the year ended 31 December 2015.

Malcolm Perkins, Chairman of Camellia Plc, stated:

“2015 saw substantial improvements in the underlying trading of our businesses led by the performance of our Kenyan tea business and by the steps which we have taken to address the issues in Engineering.”

“The strength and diversity of our operations, the investments we continue to make in Agriculture, the success we have had in bringing in new management, and the ongoing turnaround, sale or closure of our loss making companies, all point to a more successful future. However conditions in many of our markets remain challenging. In particular, the start of 2016 has seen record tea production in Kenya which has resulted in a significant fall in the market price and the continuing low oil price provides a challenge to certain of our engineering businesses.”

Financial highlights

	Year ended 31 December 2015		Year ended 31 December 2014	
	£'m		£'m	
Revenue	257.8		238.9	
Headline profit before tax	23.9		17.2	
Profit for the year	21.9		8.3	
Earnings per share	450.7	p	102.7	p
Proposed final dividend	95	p	92	p

* Headline profit is a measure of the underlying performance of the group which is not impacted by exceptional items or items considered non-operational in nature

Highlights

- Agriculture benefitted from strong prices for tea in Kenya but was impacted by a £6.1 million provision for past service costs arising on a new post-employment benefit obligation in Bangladesh
- The strategic review of Duncan Lawrie was completed and a plan to invest in and grow the business over the next few years is being implemented
- Abbey Metal Finishing is expected to return to profitability under new management with increased focus on customers and improved delivery performance
- The closure of AKD Engineering and the sale of Loddon Engineering were completed during the year
- AJT Engineering was adversely impacted by conditions in the oil and gas market
- A number of changes were made to the Group reporting structure in order to increase skills, create clarity and ensure proper accountability
- Continued investment in the development of our assets with £19.4 million spent on property, plant and equipment and investment property
- Cash and cash equivalents increased to £65.6 million reflecting strong operational cash inflows from operations of £33.7 million

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Camellia at a glance

Camellia Plc is an international Group – a global family of diverse companies with a 128-year heritage employing approximately 76,000 people worldwide. Our operating divisions include Agriculture, Banking and Financial Services, Engineering, Food Service and Investments. From the start, Camellia's ethos has been based on the highest moral and professional integrity, and a commitment to doing the right thing – ethically and commercially, globally and locally. Profits are our lifeblood but not our soul.

Our business is built on two fundamental principles:

- **Long-termism.** We see ourselves as custodians, holding our businesses in trust for future generations. We believe we have a responsibility to ensure the stability, security and continuity of all our businesses, so they can be passed on to the next generation as enduring operations. We recognise that people and businesses take time to establish and grow to their full potential and we are happy to wait for that to happen. We are deeply committed to improving the long-term stability and well-being of our businesses, the communities and the environments in which we are involved.
- **Sustainability.** We are committed not only to the ultimate welfare of our employees but also to the communities in which they live. We believe our businesses can and should grow with respect and care for the environment rather than at the cost of it. We proactively invest in ensuring that the environments where we do business are continually protected and improved, and seek to minimise any damage our activities may cause.

Our business is made up of five divisions:

AGRICULTURE

2015: Turnover – £186.5 million, Trading profit – £26.3 million, Return on capital – 9.9%

Core crops	*Locations*	*Mature area Ha.*	*Immature area Ha.*
Tea	India, Bangladesh, Kenya, Malawi	31,991	2,626
Macadamia	Kenya, South Africa, Malawi	2,165	1,173
Avocados	Kenya	412	39
Speciality crops			
Rubber	Bangladesh	1,622	346
Citrus	USA	169	8
Arable	Brazil	3,374	–
Pineapples	Kenya	55	–
Wine grapes	South Africa	62	11
Pistachios	USA	131	–
Almonds	USA	–	56
Forestry	Kenya, Malawi, Brazil	2,972	3,279
Other			
Joint Projects	Kenya	1,299	–
Cattle	Kenya	4,500 head	

BANKING AND FINANCIAL SERVICES

2015: Subsidiaries Turnover – £13.1 million, Trading loss – £3.6 million
2015: Associates Share of results after taxation – £4.2 million (including 6 months results for BF&M)

Subsidiary	*Locations*	*Activity*
Duncan Lawrie	UK, Isle of Man	Private banking and wealth management

Associates	*Location*	*Activity*	*Holding %*
BF&M	Bermuda	Non life insurance	36.1

United Finance	Bangladesh	Banking	38.4
United Insurance	Bangladesh	Non life insurance	37.0

ENGINEERING

2015: Turnover – £18.6 million, Trading loss – £1.2 million*

Subsidiary	*Locations*
Abbey Metal Finishing	UK, Germany
AJT Engineering	UK
British Metal Treatments	UK
GU Cutting and Grinding	UK

* adjusted to exclude AKD Engineering and Loddon Engineering as they are no longer part of the Group.

FOOD SERVICE

2015: Turnover – £31.9 million, Trading profit – £0.7 million, Return on capital – 4.0%

Subsidiary	*Locations*
ACS&T	UK
Affish	The Netherlands
Wylax	The Netherlands

INVESTMENTS

Investment type	*Locations*	*Market value at 31/12/15 £'m*
Investment Portfolio	Global	30.6
Investment Property	UK, Malawi, Isle of Man, Brazil	21.4
Collections	UK, India	9.0*

* Collections are stated at cost

Chairman's statement

Our results for the year reflect once again the diversity of our operations and the unpredictability of global markets. Excluding the adjustment for the revaluation of biological assets, which I am pleased to report will have a much reduced impact on our accounts going forward, and the significant provision for post-employment benefits that we have been required to make in Bangladesh, headline profits were £23.9 million compared to £17.2 million in 2014. This result reflects the difficulties that our subsidiaries in the oil services sector have been facing; but also reflects the improved tea prices in Kenya and the improved profitability of our agricultural operations more generally.

2015 was a transitional year for your Group, with the appointment of Tom Franks as the Chief Executive, Graham Mclean as Managing Director of Agriculture and Susan Walker as the Chief Financial Officer and the retirement of a number of longstanding executive directors. As a result there have been consequential changes to both roles and responsibilities and also the organisation of the Group which are set out in the Chief Executive's and corporate governance reports. A detailed statement which shareholders will hopefully find interesting and informative is included as the Chief Executive's report and we have also included substantially more information in the annual accounts to assist shareholders with getting a better understanding of our Group.

Notwithstanding these changes, I am pleased to report that the overriding principles of the Group remain constant. We are committed to the development of the business over the long term and to the sustainability of our businesses, the environments and communities in which we operate.

As announced previously we took the step during the year of closing one of our subsidiaries, AKD Engineering, following many years of substantial losses. This was not a decision that your Board took lightly, being well aware of the social and other implications of this move, but was unfortunately unavoidable given the trading conditions. We sold the Loddon Engineering business towards the end of the year to the De Swart Group, an owner in a better position to ensure the long term future of that business. Despite these changes, the Group has continued its policy of organic growth and development, further details of which are contained in the Chief Executive's report.

Dividend
Your Board is recommending a final dividend of 95p per share which, together with the interim dividend already paid of 34p per share, brings the total distribution for the year to 129p per share compared with 126p per share in 2014.

Directors
During the year Anil Mathur, Chris Ames and Peter Field resigned as directors of the company. I would like to thank them all again for their contribution to the Group, and I am pleased that Peter Field will continue to contribute as Chairman of our operations in India and Bangladesh.

Outlook
The outlook for 2016 is challenging. Climate change, and in particular erratic rainfall patterns, makes predicting crop volumes difficult. The start of 2016 has seen record tea production in Kenya which has resulted in a significant fall in the market price. The continuing low oil price provides a challenge to our engineering businesses and low interest rates restrict returns in banking. However, the strength and diversity of our operations, the success we have had in bringing in new management where appropriate, and the ongoing turnaround, sale or closure of our loss making companies, all point to a more successful future.

Staff
As always, my thanks go out to all our staff for their efforts in 2015.

Malcolm Perkins
Chairman

27 April 2016

Chief Executive's Report

I am delighted to present to you my first report as Chief Executive. This year we are making significant additional disclosures which I hope will enhance shareholders understanding of the Group and its strategy. As is inevitable in a Group of this size and diversity, there have been many performance highlights this year but also some areas of the business which have found markets more challenging.

Of particular note was the success of our operations in Kenya where a combination of good yields and improved prices delivered significant additional profit. However, the introduction of new post-employment benefits legislation in Bangladesh has meant that we have made a significant provision of £6.4 million this year against this liability and the fall in the oil price hit our subsidiaries (AKD Engineering and AJT Engineering) in that sector very hard. Unfortunately, the continuing weakness in the oil price and the resulting lack of orders for major capital equipment from AKD Engineering meant that we had to close the company in July 2015. We also sold our interest in Loddon Engineering, a Norfolk based stable manufacturer, to a subsidiary of the De Swart Group.

MANAGEMENT
During the year we reviewed the management of the business. Camellia is diverse and complex in both its markets and geographies and therefore having the right management in place is fundamental to driving performance. We have made a number of changes to management and to reporting lines in order to increase skills, create clarity and ensure proper accountability in the trading businesses. As a result the Group is now managed on a divisional rather than geographic basis. A summary of the new structure together with the revised remit and membership of the executive committees is set out in the corporate governance report.

BUSINESS STRATEGY
Whilst the overall Group strategy, which is set out on page 15, remains unchanged, each division is now expected to perform against an agreed divisional strategy which sets out the goals and targets for the short and medium term.

The divisional strategies may be summarised as follows:

Agriculture. The Agriculture division has an exceptional collection of high quality assets spread across a variety of geographies and crops. There are however certain crops where we have scale and geographic spread and therefore the opportunity to build a significant market presence. These are tea, macadamia and avocados. Here we will continue to expand the planted area, enlarge our geographic spread and where appropriate move up the value chain to protect future margins. For the remaining crops, where developing a significant market presence is not practicable but where there are opportunities for profitable investment, we will continue to acquire assets in line with the broader Group strategy.

Banking and Financial Services. During the year, the Group performed a strategic review of Duncan Lawrie to establish the best future path for the business. As a result of that review, the Group has approved a new growth strategy to invest in, and expand, Duncan Lawrie. Key components of the new strategy include building the banking operations by increasing both lending and deposits; growing the wealth management business by substantially increasing the assets under management and investing in people and infrastructure to ensure a market leading suite of products and services for our clients. This strategy will require, inter alia, further investment in the business and we have relaxed certain lending restrictions previously imposed by the Group.

I anticipate that the strategy will take a number of years to execute and I am pleased to report the appointment of Sally Tennant as the new Chair of Duncan Lawrie, subject to the appropriate regulatory approval, to assist the management team in implementing that strategy.

The Group also has three associated companies in the financial services sector, one of which, BF&M, is included as an associate from 1 July 2015 following a purchase of additional shares by the Group and a reassessment of our relationship with BF&M. The Group will continue to monitor its investments in these companies and may increase or decrease its holdings as appropriate.

Engineering
Engineering North. AJT Engineering has been a strongly profitable business for the Group in the past but is currently impacted by the low oil price and its effect on investment in the North Sea oil industry. As a result, AJT Engineering has had to amend its strategy so as to react to the new environment. This has included taking steps to reduce costs and diversify its customer base. AJT Engineering remains committed to providing a full service to its customers and anticipates emerging from the current hiatus strongly positioned for the future.

Engineering South. The principal driver of growth in Engineering South will be Abbey Metal Finishing (Amfin) and its joint venture in Germany, Atfin. Under its new management team, Amfin has taken significant steps in the last 12 months to focus its customer base, improve its delivery performance and return to profitability. The plan is to complete these steps during 2016 and for Amfin to provide the Group with a return on the significant investments made since the fire in 2010. Atfin is taking steps to diversify its customer base and is now moving towards profitability.

The remaining businesses in Engineering South are expected to grow organically over the coming years.

Food Service
UK. ACS&T will continue to operate as a niche high quality operator in the storage and distribution of frozen foods together with some ambient food service provision as demand and space allows. The business will expand and invest where appropriate to continue to serve the needs of its customers.

Netherlands. Affish and Wylax, our fish trading and distribution businesses in the Netherlands, have struggled to grow in tough economic conditions. However, following the recent appointment of a new managing director and sales director, these businesses are now looking to expand both their product offering and customer base.

Investments
Investment Portfolio. The Group has a portfolio, principally of listed investments, under the management of a full time investment manager. The strategy remains to invest for the long term in high quality companies where we believe that there is hidden value.

Investment Property. The Group is disclosing for the first time this year the current market value of the investment property portfolio (page 59). The strategy is to continue to invest in quality assets where an appropriate yield may be realised.

Collections. The Group has collections of art, philately and manuscripts under the management of a curating team. These assets are regularly reviewed and are added to or sold as appropriate in order to enhance the collections.

PERFORMANCE

Agriculture

Tea Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2015* mkg*	*Volume 2014* mkg*
India	14,242	1,481	25.8	25.9
Bangladesh	7,927	1,110	10.3	10.5
Kenya	4,157	–	12.9	14.3
Malawi	5,665	35	14.4	16.9
Total	31,991	2,626	63.4	67.6

*Estate volumes only, in addition 14.7 million kg of tea was produced for smallholders (2014 – 15.5 million kg)

Tea pricing and operations

India
Average tea prices in 2015 were up 3.8% in Rupees against 2014 levels, reflecting particularly good performances from our Assam teas, but costs of production were also up, reflecting labour rate increases which impacted margins. A new blending and packing facility for export teas was commissioned in Kolkata during the year with an annual capacity of approximately 4 million kgs per annum.

Packet tea sale volumes were up 13.6% on 2014 in this competitive but growing sector of the Indian local tea market. Instant Tea production was down 25% on 2014 with prices also slightly down. During the year, a solar water heating unit was installed at the plant in order to reduce energy costs.

Rainforest Alliance Certification was achieved on all Assam and Darjeeling estates along with FSSC 22000 certification in the factories; ISO 22000 certification was achieved for the Dooars' factories.

Bangladesh
Pricing was up 11% on the previous year due to improved demand at auction and a resumption of high duty tariffs on imported tea.

A project to create capacity for irrigation on two gardens commenced during the second quarter having been delayed as a result of political disturbances. Total replanting achieved in the year was 115 Ha leaving a total of 385 Ha under rehabilitation at the end of the year in preparation for future replanting.

Kenya
As a result of lower production volumes across Kenya as a whole, tea prices were up 35.7% from the previous year's levels. The market for Kenya teas is largely an export one and prices are subject to significant volatility linked to production volumes. Fluctuations in the tea price have a major impact on Group profitability.

We continue to produce good quality hand plucked tea, and mechanical harvesting continues on a trial basis. During 2015, we established our first large-scale solar project. Significant reductions in carbon emissions have been achieved as well as a reduction in power costs.

All the estates and smallholders remain Rainforest Alliance certified and all factories are ISO 22000 compliant.

Malawi
In Malawi we experienced highly erratic weather conditions which had a significant adverse effect on crop volumes. The operations experienced serious flooding following drought conditions at the start of the year and then drought conditions re-emerged for most of the year thereafter.

Pricing in 2015 was up 3% on 2014 levels but costs per kg increased significantly due to the lower crop, inflationary pressure through substantial currency devaluation and significant wage increases. These circumstances contributed to a substantial decline in the profitability of the tea operations in 2015.

The Tea Association of Malawi, of which we are a leading member, in conjunction with the Ethical Tea Partnership, signed up to an extensive five-year revitalisation programme for the industry aimed at addressing workers' wages, smallholder sustainability, product quality and replanting.

All estates and smallholders are Rainforest Alliance certified. All factories are Fairtrade certified and two factories continued with UTZ certification.

Macadamia Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2015 Tonnes*	*Volume 2014 Tonnes*
Malawi	1,202	230	530	583
South Africa	778	271	574	474
Kenya	185	672	52	28
Total	2,165	1,173	1,156	1,085

Macadamia Pricing
Pricing for macadamia in 2015 was up 15.3% on 2014 levels and set a record level for the global macadamia kernel market due to continuing demand from China.

Macadamia Operations
Malawi
Production of macadamia nuts was down 9.0% on the previous year due to the impact of dry weather conditions. The processing facility once again achieved ISO 22000 certification.

South Africa
Volumes in 2015 were significantly ahead of last year. The development of Mambedi Estate to macadamia orchards continues with 98 Ha planted in 2015. A further 80 Ha has been prepared for planting. The processing factory successfully completed the first phase of upgrading to a modern state-of-the-art cracking facility. The plant was also recertified under ISO 22000 for the 2015 season.

Kenya
New plantings continued with 158 Ha being planted in the year. Construction of a new cracking facility began in April and good progress has been made to date. The facility is expected to open in June 2016.

Avocado Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2015* mkg*	*Volume 2014* mkg*
Kenya	412	39	7.1	6.3

* Estate volumes only. In addition 2.3 million kg of smallholder fruit was packed (2014 – 2.7 million kg)

Avocado Pricing and Operations
A record volume of 1.9 million cartons were exported: 17% up on 2014. The smallholder fruit volumes were slightly lower than last year as a result of tight quality controls and lower availability of acceptably sized fruit. Despite this, excellent returns were generated for growers from the fruit exported. The smallholder initiative continues to gain momentum with the number of registered growers increasing each year. Pricing in 2015 was at record levels (up 64% on 2014) as a result of demand from the European market.

Speciality Crops Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2015 Tonnes*	*Volume 2014 Tonnes*
Rubber (Bangladesh)	1,622	346	629	601
Citrus (USA)	169	8	4,844	5,618
Arable (Brazil)	3,374	–	25,888	17,234
Pineapples (Kenya)	55	–	1,752	1,552
Wine grapes (South Africa)	62	11	625	718
Pistachio (USA)	131	–	31*	621
Almonds (USA)	–	56	47	–
			m3	*m3*
Forestry	2,972	3,279	17,042**	13,766**

* 2015 was an ‘off year’ for Pistachios

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

Speciality Crops Pricing and Operations
Pricing for rubber in 2015 was 24.4% below 2014 due to the drop in oil prices making synthetic rubber more price competitive than natural latex. There are also significant inventories of natural rubber building in South East Asia which are contributing to the downward pressure on price.

Prices for California citrus were slightly up in the year. Reduced volumes in the year reflect the effect of the decision to replace an area of mandarins with a different variety of citrus.

Both the maize and soya crops in Brazil sold at higher levels than anticipated.

Prices for fresh pineapple production in Kenya were marginally up.

Wine grape production in the Western Cape, South Africa was down 13% on last year but bottled wine production and sale volumes were up. Results were in line with expectation although slightly down on the previous year.

Pricing for pistachios in 2015 was 28% up on 2014 levels due to demand in the global market.

Almond prices were also high but no contribution was attributed to Group profit in 2015 given the immature nature of the trees. Revenues from almonds will be attributed to Group profit for 2016.

Forestry operations continued to produce satisfactory volumes for fuel wood and value addition products.

We continue to raise cattle on those areas of the Kakuzi Estate in Kenya unsuitable for crop development.

In total, the Agriculture division made a trading profit of £26.3 million (2014: £27.2 million) on turnover of £186.5 million (2014: £164.2 million).

Banking and Financial Services
The low interest rate environment together with restrictions on lending imposed by the Group and costs associated with adjusting to new regulatory requirements, have led to several years of losses at Duncan Lawrie. As a result, the Group undertook a strategic review of the bank during the year, the result of which is the implementation of the growth strategy described above. In 2015 the bank made losses which were significantly above those incurred in 2014, reinforcing the need to execute the new strategy. These losses are likely to continue into 2016 as the bank invests in clients, staff and systems.

Our two associated companies in Bangladesh, United Insurance and United Finance, both had a reasonable year with profits marginally ahead of 2014.

From 1 July 2015 we are accounting for BF&M, a Bermuda based insurance company, as an associate. BF&M had a strong year in 2015 reporting a profit before tax of Bermudian Dollar 30.1 million (2014: Bermudian Dollar 26.7 million).

In total, the Banking and Financial Services division's subsidiaries made a trading loss of £3.6m (2014: trading loss £2.5m) on turnover of £13.1 million (2014: £12.4 million). In addition, our share of the results of associates amounted to £4.2 million (2014: £1.1 million).

Engineering

Engineering North

Engineering North had a difficult year with the fall in the oil price resulting in AJT Engineering in Aberdeen struggling to fill its order book. Turnover at AJT Engineering fell from £12.0 million in 2014 to £9.6 million in 2015. In the current climate it is hard to predict the oil price and the impact that it may have on the industry in Aberdeen and therefore the company is braced for another difficult year.

Engineering South

Engineering South had a transitional year with the sale and closure of Loddon Engineering and AKD Engineering respectively, and new management teams appointed at Abbey Metal Finishing, Atfin and GU Cutting and Grinding. The continuing turnaround at Abbey Metal Finishing and the disposal of the other loss making businesses means that we anticipate a significantly improved performance in the coming year.

In total, the Engineering division made a trading loss of £5.5 million (2014: trading loss £8.4 million) on turnover of £24.1 million (£28.9 million). £4.3 million of the trading loss in 2015 related to AKD Engineering and Loddon Engineering.

In addition, during the year we sold three properties and certain assets which were surplus to the requirements of the Engineering division generating a net profit on sale of £3.7million (2014: nil).

Food Service

ACS&T had a better year than 2014 with turnover increasing by 7.5%, although the market remains competitive in both the storage and distribution areas and as a result profits were marginally down. During the year we also took possession of a new office building in Wolverhampton and implemented a new IT system at all our facilities to manage logistics. In the Netherlands, both Affish and Wylax experienced challenging trading conditions.

In total the Food Service division made a trading profit of £0.7 million (2014: £0.9 million) on turnover of £31.9 million (2014: £30.9 million).

Investments

Investment Portfolio. Despite the significant fluctuations in both global equity and currency markets there was little change in the value of the portfolio. The total value of the portfolio is £30.6 million (2014: £63.5 million) reflecting the reclassification of our holding in BF&M as an associate.

Investment Property. The Group is disclosing for the first time this year the current market value of the investment property portfolio (page 59). The Group took the opportunity during the year to acquire further land and buildings at Linton Park.

Collections. The value of the collections is held at cost. A number of minor additions and disposals were made during the year.

LEGISLATIVE CHANGES

The Group is present in many jurisdictions, and is subject to local legislation. The following two issues either have had, or are likely to have, a material impact on the Group.

- During 2015, a post-employment benefits law was introduced in Bangladesh entitling workers to a lump sum payment on retirement or termination of employment based upon earnings and length of service. As a result we have made a provision of £6.4 million to cover the potential liability of which £6.1 million relates to past service costs.
- At the start of 2016, the Government of Malawi put forward new legislation which proposes, inter alia, the conversion of all freehold property into 50 year leaseholds. The proposed legislation is under discussion and has yet to be passed into law and many of the key provisions such as the costs of the leaseholds and the right to renew leases are as yet unclear. The impact on the Group is therefore hard to assess at this time.

DEVELOPMENT

During 2015 we continued to invest in the development of our assets and £19.4 million was spent on property, plant and equipment and investment property (2014: £19.0 million) including the following key projects:

- Extension of the macadamia dehusking facility and the commencement of the building of the new macadamia cracking plant in Kenya
- Phase 1 of the upgrading of the macadamia cracking facility in South Africa
- Improvements at four of our tea factories and to the packet tea and instant tea facilities
- Solar energy facilities in Kenya and India

- Significant irrigation projects across all of the agricultural operations
- Construction of a new office building for ACS&T and an IT upgrade
- Continuing improvement of our labour housing and facilities for our staff
- The acquisition of investment properties in the UK adjacent to our head office at Linton Park.

In addition to our continuous programme of replanting our tea areas, a programme to extend our planted areas has been underway for a number of years and in 2015:

- 36 Ha of new avocado plantings were carried out in Kenya
- 158 Ha of new macadamia plantings were carried out in Kenya and 81 Ha in South Africa.

SUSTAINABILITY AND CSR
The Group has always had a strong focus on social and environmental responsibility and this is something we intend to maintain and grow. The key aspects of that policy are set out on page 17.

The Group strives to develop the workforce through training and to improve housing, healthcare, and education across the Group and in the communities that we work in.

This year we have been involved in the tea revitalisation project in Malawi, solar projects in India and Kenya, and have embarked on major housing renewal projects in Malawi, Kenya and India. In addition, I am pleased to report that every operating company in the UK has now been accredited by the Living Wage Foundation as a Living Wage Employer.

Tom Franks
Chief Executive

27 April 2016

Chief Financial Officer's Report

Overview of results
After taking account of the provision for past service costs relating to changes in Bangladesh to post-employment benefit entitlements of £6.1 million, gains arising from changes in the fair value of biological assets of £20.6 million (2014: £8.8 million), exceptional and other one off items, the profit before tax for the year to 31 December 2015 amounted to £40.5 million compared with £22.0 million in the previous year.

The Group has net assets of £372.8 million (2014: £364.4 million) and net cash and cash equivalents of £65.6 million (2014: £54.1 million), excluding balances relating to our banking operations.

Headline profit
The headline profit before tax for the year to 31 December 2015 was 39.0% higher than previous year at £23.9 million (2014: £17.2 million). Headline profit is a measure of underlying performance which is not impacted by exceptional and other items considered non-operational in nature and is designed to make clear the underlying trading performance of the Group.

Accounting policies and practices
We increased our holding in BF&M to 36.1% during the year and, having reassessed our relationship, consider that it is now appropriate to account for it as an associate company rather than as an available for sale financial asset. This has resulted in our proportionate share of BF&M's profit after tax for the period from 1 July 2015 of £2.9 million being included in our results for the year instead of the dividends we received.

Following further acquisition of property in the UK during 2015, our investment property holdings are now shown as a separate asset class which continues to be carried at cost. In the interests of providing further clarity for shareholders, the estimated market value is disclosed in note 18 to the financial statements.

Impact of changes to the accounting treatment of biological assets (IAS 41 amendments)
This is the last year in which IAS 41 will be relevant to the majority of our agricultural operations and from 1 January 2016 our permanent plantings will be classified under IAS 16 as property, plant and equipment to be depreciated over their expected useful life. If the new standard had applied to our 2015 results it would have had the following estimated effect on our reported profits:

	2015 £'m
Reported profit before tax	40.5
Exclude gain arising from changes in fair value of biological assets reclassified as bearer crops	(18.7)
Depreciation of bearer plants	(4.4)
Fair value adjustments for growing crop	2.6

Restated 2015 profit before tax	20.0

Currencies
The Group's operations in Africa and Brazil have seen significant devaluation of their functional currencies during the year. This together with the high rates of inflation in these countries places substantial pressure on our cost base, particularly in Malawi. However, our operations in Africa benefit from the fact that the majority of their sales are in hard currencies, typically US dollars or Euros, which provides some protection. Over the course of the year to 31 December 2015, the Malawi Kwacha weakened by 35.7%, the Kenya Shilling by 6.5%, the South African Rand by 26.5% and the Brazilian Real by 41.3% against Sterling.

Cashflow
The Group's net cash position increased to £65.6 million at 31 December 2015 (2014: £54.1 million) (excluding net cash balances held within our banking subsidiaries) reflecting strong net cash inflows from operations of £33.7 million (2014: inflow £7.9 million).

Taxation
The Group's effective tax rate of 45.9% (2014: 62.2%) reflects the continuing losses incurred in the UK which we are currently unable to relieve against profits elsewhere in the Group. It also reflects a provision for taxation in Malawi arising from assessments raised by the Malawi Revenue Authority for unpaid taxes from prior years. We continue to be of the view that the claim is without technical merit.

Pensions and post-employment benefits
The Group operates a number of defined benefit pension schemes, the largest of which is in the UK. The overseas schemes are located in Bangladesh, India and the Netherlands. The UK scheme has been closed to new entrants for a number of years and of our UK based work force, approximately 15% are members of this scheme. Our businesses in Kenya, India and Bangladesh also have obligations to pay terminal gratuities, based on years of service and, in some cases based on salaries.

Our employee benefit schemes currently show net deficits of £38.6 million (2014: £41.6 million net deficit). Accounting for defined benefit schemes is prescribed by IAS 19 and the quantum of the deficit continues to be volatile and sensitive to small changes in assumptions as regards inflation and gilt yields in the relevant jurisdictions. This year a net actuarial gain of £9.1 million (net actuarial loss in 2014 of £20.3 million) is reflected in the Statement of comprehensive income.

In addition, £8.4 million (2014: £1.0 million) has been charged to our income statement in respect of employee benefit obligations. £6.4 million of the increase in cost relates to obligations for post-employment benefits arising from recently enacted legislation in Bangladesh, of which £6.1 million relates to relevant employees service with the Group in years prior to the current financial year. The cash flow impact of this legislation will arise over a number of years as staff retire or otherwise leave the business.

Contributions to the externally funded defined benefit schemes are determined after consultation with the respective trustees and actuaries. In the UK, additional annual contributions of £0.9 million are being made to reduce the scheme's funding deficit.

Shareholders' funds
Equity attributable to Camellia's shareholders at the 2015 year end was £330.4 million (2014: £321.7 million). A reconciliation is set out in the Group statement of changes in equity.

Susan Walker
Chief Financial Officer

27 April 2016

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 2015 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 and the Chief Executive's report on pages 5 to 12. The Chairman's statement and the Chief Executive's report, 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 the environment and sustainability of 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 Chief Executive's report shown on pages 6 to 12 and within the report of the directors.

Business model
The Group consists of businesses engaged in Agriculture, Banking and Financial Services, Engineering, Food Service and Investment. Businesses are managed on a divisional basis with regular reports made to the Board on performance against the 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
The Group's agricultural based businesses are located in Kenya, Malawi, South Africa, Bangladesh, India, Brazil and the USA. The success of these activities is greatly dependent on climatic conditions, controlling plant disease, the cost of labour and the market price. 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 or Euros.

In Kenya, Malawi and South Africa there are long-term political issues concerning land ownership over which the Group has little control or influence. The Board continues to work with local management and with the assistance of lawyers 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 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 Malawi, a bill is currently being debated in the parliament on the foreign ownership of land which could see the freehold land interest being converted to 50 year leasehold.

In India, violence from separatist Groups which has been a problem for some years has reduced in Assam, Darjeeling and the Dooars. In Bangladesh, there have been instances of civil unrest and political instability. The situation continues to be monitored and the Group's operations in these regions have generally been able to trade normally.

A fourth consecutive year of drought in California brought about a state imposed 25% reduction in water usage by urban consumers. Ground and surface water resources remain scarce and continue to decline, imposing a challenge to management to ensure sufficient water resources are made available for the crops. This was achieved in 2015 because of our investment in irrigation infrastructure over several years, but remains a concern for the future.

Engineering
A number of the engineering companies are dependent for a significant part of their revenue on the aerospace and the oil and gas industries. As we saw in 2015, a downturn in either of these sectors would have and has had 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.

Food Service
Food Service is a highly competitive industry with low operating margins 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.

ACS&T 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 global banking crisis, there have been continual moves by the authorities to tighten regulatory standards and this may lead to a requirement for further capital to be invested in Duncan Lawrie
- credit risk – the lending of money gives rise to a credit risk. Duncan Lawrie lends money to customers

and places money with other banks and holds interest bearing securities. This credit risk is managed by strict internal procedures

- liquidity, interest and foreign exchange rate risk – these risks are monitored closely and reported upon daily against conservative exposure limits.

Bank failures in the jurisdictions 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 39 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 which 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 may also increase the liabilities of the scheme.

The Group's overseas subsidiaries make pension provision for certain employees in accordance with relevant local legislation. Some risk remains if there are changes to the governing legislation, requiring the companies to make larger contributions to these schemes. Some of these pension plans are final salary based and not fully funded.

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 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 businesses meet the standards expected by the Group, local legislation and by our customers.

Particular challenges and opportunities for the Group lie in the following areas:

Child labour: the use of child labour is prohibited by all of our businesses. 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 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 however improvements have been achieved during the year.

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 our 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, basic medical services including where appropriate antiretroviral drugs. We also give support to schools that are either run locally or by our companies.

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 the requirements of 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. Our agricultural businesses carry out activities that could impact the environment. These businesses have adopted rigorous procedures to reduce the environmental impact of the operations.

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 and environmental issues is essential in ensuring the long-term success of our businesses. We are therefore committed to devoting the necessary resources to improve continually our performance in these areas.

The Group has a corporate social responsibility policy which is available on the company's website.

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.

The Board is currently devising a policy to comply with the requirements of the Modern Slavery Act 2015 which will be in place by the end of 2016.

Performance
There are no current employment or environmental issues that prejudice the continuing development of the Group. None of the Group's businesses were prosecuted for any significant breach of employment legislation during the year. The Board 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 net 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		Banking and Financial Services		Engineering		Food Service	
	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*
Return on segmental net assets (%)	9.9	*10.4*	n/a	n/a	n/a	n/a	4.0	*5.5*

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 at 31 December 2015 was 3.3% (2014: 0.9%).

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 the Group's principles. The Board will regularly review which key non-financial performance indicators are most appropriate.

1 Compliance		2015(ii)	*2014*	*2013*
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*
	Environmental protection	–	–	*2*
b) Formal warnings	The number of written warnings during the financial year year by the official regulatory bodies responsible for enforcing regulations in the areas of:			
	Employment	–	–	–
	Worker health and safety	3	–	*1*
	Environmental protection	–	–	–
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	317	*308*	*8*

4 Health

a) Sickness absence	The number of employee days absence as a result of sickness during the financial year	238,160[(i)]	*243,094*[(i)]	*227,917*[(i)]
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	20	*167*	*406*

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

(ii) This excludes figures from AKD Engineering due to its closure during the year and Loddon Engineering which was sold at the end of year.

Employees

The Group keeps 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 2015:

	Men	Women
Company directors (i)	6	1
Other senior managers (ii)	7	2
All employees	42,259	34,124

(i) Company directors consists of the company's Board as detailed on page 4.

(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.

By order of the Board

Julia Morton
Secretary

27 April 2016

Report of the directors

The directors present their report together with the audited accounts for the year ended 31 December 2015.

Principal activities

The company is a public limited company, which is quoted on the AIM Market of the London Stock Exchange and incorporated and domiciled in England and Wales. The principal activities of its subsidiary and associated undertakings comprise:-

Agriculture
Banking and Financial Services
Engineering
Food Service
Investments

Further details of the Group's activities are included in the Chairman's statement and the Chief Executive's report on pages 5 to 12.

Results and dividends

The profit after taxation for the year amounted to £21.9 million (2014: £8.3 million). The Board has proposed a final dividend for the year of 95p per share payable on 1 July 2016 to holders of the ordinary shares registered at the close of business on 10 June 2016. The total dividend for 2016 is therefore 129p per share (126p per share). Details are shown in note 12.

Directors and Secretary

The directors are listed on page 4. The following directors had beneficial interests in the shares of the company.

	31 December 2015	1 January 2015
Camellia Plc ordinary shares of 10p each:		
Malcolm Perkins	1,673	1,573

Under the company's articles of association all the directors are required to retire annually. Accordingly, Malcolm Perkins, Tom Franks, Susan Walker, Graham Mclean, Chris Relleen, Frédéric Vuilleumier and William Gibson will retire and, being eligible will seek re-election at the AGM on 2 June 2016.

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

Executive directors

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

Tom Franks was appointed as Chief Executive with effect from 1 September 2015. He joined Camellia as Deputy Chief Executive in October 2014. He is chairman and a non-executive director of Duncan Lawrie Limited and Duncan Lawrie Asset Management Limited.

Graham Mclean, a qualified agriculturalist, was appointed as 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. He is a non-executive director of Kakuzi Limited.

Susan Walker was appointed Chief Financial Officer for the Group on 4 June 2015 having joined Camellia in 2014 as Finance Director Designate and was appointed as an executive director on 2 April 2015. She is a chartered certified accountant and a non-executive director of Goodricke Group Limited, United Finance Limited and Duncan Lawrie Limited.

Non-Executive directors

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

William Gibson was appointed as an independent non-executive director in September 2014. He 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 and Nomination committees.

Frédéric Vuilleumier was appointed as an independent non-executive director in March 2013. He is partner of Oberson Abels SA, a law office based in Geneva, Switzerland. He is a member of the Audit Committee.

Secretary

Julia Morton has been company secretary since September 2011.

Substantial shareholdings

As at 27 April 2016 the company has been advised of the following interests in the share capital of the company:

Beneficial shareholder	Shareholder	No of Shares	% of total voting rights
Camellia Private Trust Company Limited	Camellia Holding AG	1,427,000	51.67
Alcatel Bell Pensioenfonds VZW	Lynchwood Nominees Limited	153,600	5.56
Fide Holding NV	Lynchwood Nominees Limited	150,000	5.43
Quaero Capital SA	HSBC Global Custody Nominee (UK) Limited	92,800	3.36

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 34 to the accounts.

At the annual general meeting in 2015, shareholders gave authority for the company to purchase up to 276,200 of its own shares. This authority expires at the conclusion of this year's annual general meeting. A resolution proposing renewal of the authority will be submitted to shareholders at the next annual general meeting.

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.

Future development
Details of future development are set out in the Chief Executive's report.

Going concern
After reviewing the Group's budget for 2016 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 25 to 28.

By order of the Board

Julia Morton
Secretary

27 April 2016

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 admission to trading 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 maintained at that time. AIM companies are not required to comply with the requirements of the Code. However, the Board has chosen to follow the Code for the year to 31 December 2015.

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

The Board
The Board currently comprises seven directors, three of whom are independent non-executive directors. The remaining directors are executive directors, including the executive Chairman. Chris Relleen, the Deputy Chairman, has been designated as the senior independent director. The names and brief biographical details of each director appear on pages 22 and 23.

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 remuneration committee, audit committee and nomination committee. Terms of reference of each of the committees can be viewed on the company's website.

The Board undertook a performance evaluation during the year by way of an internal review.

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 2015.

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

Director	Board	Audit	Remuneration
Malcolm Perkins	11/11	–	–
Chris Relleen	10/11	3/3	3/3
Tom Franks	11/11	–	–
Graham Mclean	11/11	–	–
Susan Walker	9/9	2/2	–
William Gibson	10/11	3/3	3/3
Frédéric Vuillieumer	10/11	3/3	–
Anil Mathur	4/4	1/1	–
Chris Ames	5/5	–	–
Peter Field	11/11	–	–

(i) Anil Mathur attended meetings of the audit committee by invitation in his capacity as finance director until his retirement as a director on 4 June 2015.

(ii) Chris Ames resigned from the Board on 10 July 2015.

(iii) Susan Walker was appointed as a director on 2 April 2015 and attends meetings of the audit committee by invitation in her capacity as Chief Financial Officer.

Executive committees
The Board has established the Strategy Group, consisting of the Chairman and the executive directors of the Board, and two Executive Committees. The Agriculture Executive Committee is chaired by the Managing Director of Agriculture and includes the Chief Executive, Chief Financial Officer and heads of all the key agricultural operations. The Engineering and Food Service Executive Committee is chaired by the Chief Executive and includes the Chief Financial Officer, the divisional heads of Engineering North, Engineering South and Food Service, the Company Secretary and the Group Head of HR.

Banking and Financial Services (being primarily Duncan Lawrie) and Investments report direct to the Chief Executive.

Nomination committee
The nomination committee is chaired by Malcolm Perkins. Its other members are William Gibson and Chris 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.

The committee did not meet during the year.

Audit committee
The audit committee is chaired by Chris Relleen. The other members of the committee are Frédéric Vuilleumier and William Gibson. During 2015, the committee met on three occasions.

Principal responsibilities

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

- 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 company's Group accounting function and senior management
- to review non-audit services provided by the external auditors.

Significant issues in relation to financial statements
The audit committee assesses whether suitable accounting policies have been adopted and whether management has 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 assumptions agreed as reasonable. For more details see note 19 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 size 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, PricewaterhouseCoopers 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 PricewaterhouseCoopers at that point. The audit committee is currently undertaking a review of the Group's external audit requirements following a change in the rules on audit rotation in India. The outcome of the review will be announced in due course.

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 remuneration committee is chaired by William Gibson and the other member is Chris Relleen.

The responsibilities of the committee include:

- the review of the Group's policy relating to remuneration of the chairman, executive directors and the company secretary
- to determine the terms of employment and remuneration of the chairman, executive directors and company secretary with a view to ensuring that those individuals are fairly but responsibly rewarded
- to approve compensation packages or arrangements following the severance of any executive director's service contract.

The remuneration report appears on pages 30 to 32.

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 34.

Internal control and risk management systems

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

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, 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

Julia Morton
Secretary

27 April 2016

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.

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

Malcolm Perkins
Chairman

27 April 2016

Remuneration report

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

Remuneration committee
Details of the remuneration committee ("the committee") are set out on page 28.

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 largely on agriculture, which is 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, approved by shareholders at the AGM held on 5 June 2014, took effect from the date of that AGM and will be applied for a period of three 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 4 June 2015, the remuneration report for the year to 31 December 2014 was approved by shareholders with 99.97% of the votes cast in favour, 0.02% of the votes cast against and 0.01% of the votes withheld.

Service contracts

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

Director	Date of Service Contract
Malcolm Perkins	25 April 2002
Tom Franks	8 April 2015
Graham Mclean	10 April 2015
Susan Walker	14 April 2015

The service contracts are terminable at any time by a one year period of notice from the company or the director. Following their initial appointment non-executive directors may seek re-election by shareholders at each subsequent annual general meeting. Non-executive directors do not have service agreements. 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		Loss of Office		Employer Pension Contribution		Total	
	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*
	£	£	£	£	£	£	£	£	£	£
Executive										
Malcolm Perkins	442,344	*433,671*	32,680	*32,519*	–	–			475,024	*466,190*
Tom Franks	426,800	*96,250*	49,112	*6,974*	–	–	–	–	475,912	*103,224*
Susan Walker	175,963	–	80,153	–	–	–	14,077	–	270,193	–
Graham Mclean	255,000	*65,500*	26,074	*89,111*	–	–	20,400	*5,000*	301,474	*159,611*
Chris Ames	161,890	*281,007*	13,962	*26,161*	368,896	–	–	*3,587*	544,748	*310,755*
Peter Field	271,006	*265,692*	26,231	*26,113*	–	–	–	–	297,237	*291,805*
Anil Mathur	109,671	*248,860*	26,285	*42,268*	–	–	–	–	135,956	*291,128*
Non–executive										
Martin Dünki	–	*35,795*	–	–	–	–	–	–	–	*35,795*
William Gibson	42,500	*14,167*	–	–	–	–	–	–	42,500	*14,167*
Chris Relleen	62,500	*62,500*	–	–	–	–	–	–	62,500	*62,500*
Charles Vaughan–Johnson	–	*18,362*	–	–	–	–	–	–	–	*18,362*
Frederic Vuilleumier	40,000	*40,000*	–	–	–	–	–	–	40,000	*40,000*
Totals	1,987,674	*1,561,804*	254,497	*223,146*	368,896	–	34,477	*8,587*	2,645,544	*1,793,537*

Notes

1. The Executive directors' benefits in kind include the value attributed to medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars. Susan Walker received a payment of £50,000 for relocation expenses. She was appointed as a director on 2 April 2015.

2. Anil Mathur retired as a director on 4 June 2015.

3. Chris Ames resigned from the board on 10 July 2015 and received a payment of £368,896 for loss of office. This included a payment in lieu of notice equivalent to 12 months of base salary and benefits in kind.

4. Chris Relleen receives an additional annual fee for his chairmanship of the Audit Committee and for his non–executive directorship of Duncan Lawrie Limited.

5. William Gibson receives an additional annual fee for his chairmanship of the Remuneration Committee.
6. Martin Dünki resigned as a director on 24 November 2014.
7. Charles Vaughan-Johnson retired as director on 5 June 2014.

Directors' pensions
UK employees, including executive directors, are eligible to join pension schemes operated within the Group. Malcolm Perkins was a member of The Linton Park Group Pension Scheme up until 28 February 2010. Peter Field and Anil Mathur were members of the Linton Park Pension Scheme 2011 until 5 April 2012.

There was no pensionable service for Malcolm Perkins, Peter Field and Anil Mathur during 2015.

Tom Franks receives an excess non-pensionable salary supplement equivalent to 10% of base salary. Chris Ames received an excess non-pensionable salary supplement equivalent to 25% of base salary. Graham Mclean and Susan Walker are members of the Linton Park Group Personal Pension Scheme which is a defined contribution based scheme.

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

By order of the Board

Julia Morton
Secretary

27 April 2016

Consolidated income statement

for the year ended 31 December 2015

	Notes	2015 Headline profit (note 4) £'000	2015 Separately disclosed items £'000	2015 Total £'000	*2014 Headline profit (note 4) £'000*	*2014 Separately disclosed items £'000*	*2014 Total £'000*
Revenue	2	257,800	–	257,800	*238,868*	–	*238,868*
Cost of sales	3	(173,606)	(6,056)	(179,662)	*(163,728)*	–	*(163,728)*
Gross profit		84,194	(6,056)	78,138	*75,140*	–	*75,140*
Other operating income		1,872	–	1,872	*2,179*	–	*2,179*
Distribution costs		(12,954)	–	(12,954)	*(12,700)*	–	*(12,700)*
Administrative expenses		(58,004)	–	(58,004)	*(53,507)*	–	*(53,507)*
Trading profit	3	15,108	(6,056)	9,052	*11,112*	–	*11,112*
Share of associates' results	5	4,182	–	4,182	*1,092*	–	*1,092*
Impairment of available-for-sale financial assets	6	–	(516)	(516)	–	*(2,334)*	*(2,334)*
Impairment of property, plant and equipment and provisions	7	–	230	230	–	*(1,134)*	*(1,134)*
Profit on disposal of non-current assets	8	–	3,687	3,687	–	–	–
Profit on disposal of available-for-sale investments		–	353	353	–	*447*	*447*
Gain arising from changes in fair value of biological assets:							
Excluding Malawi Kwacha exceptional gain				4,419			*7,842*
Malawi Kwacha exceptional gain				16,220			*978*
	19	–	20,639	20,639	–	*8,820*	*8,820*
Profit from operations		19,290	18,337	37,627	*12,204*	*5,799*	*18,003*
Investment income		1,440	–	1,440	*2,161*	–	*2,161*
Finance income	9			3,045			*2,864*
Finance costs	9			(687)			*(608)*
Net exchange gain	9			798			*607*

Employee benefit expense	9			(1,699)			(1,044)
Net finance income	9	3,156	(1,699)	1,457	2,863	(1,044)	1,819
Profit before tax		23,886	16,638	40,524	17,228	4,755	21,983
Taxation	10			(18,590)			(13,673)
Profit for the year				21,934			8,310
Profit attributable to:							
Owners of the parent				12,449			2,836
Non-controlling interests				9,485			5,474
				21,934			8,310
Earnings per share – basic and diluted	13			450.7p			102.7p

Statement of comprehensive income

for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Group			
Profit for the year		21,934	8,310
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations	33	9,115	(20,341)
Deferred tax movement in relation to post employment benefit obligations	32	619	698
		9,734	(19,643)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(15,535)	7,533
Available-for-sale investments:			
Valuation gains taken to equity	23	211	2,822
Transferred to income statement on sale	23	(161)	(364)
Share of other comprehensive income of associates		(51)	–
Tax relating to components of other comprehensive income		(29)	72
		(15,565)	10,063
Other comprehensive expense for the year, net of tax		(5,831)	(9,580)
Total comprehensive income/(expense) for the year		16,103	(1,270)
Total comprehensive income/(expense) attributable to:			
Owners of the parent		12,157	(6,801)
Non-controlling interests		3,946	5,531
		16,103	(1,270)
Company			
Profit for the year		4,095	3,610
Total comprehensive income for the year		4,095	3,610

Consolidated balance sheet

at 31 December 2015

	Notes	2015 £'000	2014 £'000
Non-current assets			
Intangible assets	16	7,915	7,072
Property, plant and equipment	17	92,894	104,923
Investment properties	18	15,751	–
Biological assets	19	144,821	139,999
Prepaid operating leases	20	840	900
Investments in associates	22	48,882	8,664
Deferred tax assets	32	2,534	184
Available-for-sale financial assets	23	30,594	63,488
Held-to-maturity financial assets	24	27,661	–
Other investments – heritage assets	25	9,020	8,864
Retirement benefit surplus	33	176	805

Trade and other receivables	27	22,734	*23,303*
Total non-current assets		403,822	*358,202*
Current assets			
Inventories	26	37,749	*41,841*
Trade and other receivables	27	55,554	*63,292*
Held-to-maturity financial assets	24	1,849	*–*
Current income tax assets		772	*548*
Cash and cash equivalents	28	237,772	*257,164*
Total current assets		333,696	*362,845*
Current liabilities			
Borrowings	30	(5,366)	*(2,855)*
Trade and other payables	29	(258,894)	*(258,292)*
Current income tax liabilities		(9,346)	*(5,609)*
Employee benefit obligations	33	(1,017)	*(527)*
Provisions	31	(267)	*(636)*
Total current liabilities		(274,890)	*(267,919)*
Net current assets		58,806	*94,926*
Total assets less current liabilities		462,628	*453,128*
Non-current liabilities			
Borrowings	30	(5,131)	*(42)*
Trade and other payables	29	(4,392)	*(5,130)*
Deferred tax liabilities	32	(42,481)	*(41,618)*
Employee benefit obligations	33	(37,793)	*(41,885)*
Other non-current liabilities		–	*(98)*
Total non-current liabilities		(89,797)	*(88,773)*
Net assets		372,831	*364,355*
Equity			
Called up share capital	34	282	*282*
Share premium		15,298	*15,298*
Reserves		314,850	*306,124*
Equity attributable to owners of the parent		330,430	*321,704*
Non-controlling interests		42,401	*42,651*
Total equity		372,831	*364,355*

Company balance sheet
at 31 December 2015

	Notes	2015 £'000	*2014* *£'000*
Non-current assets			
Investments in subsidiaries	21	73,508	*73,508*
Available-for-sale financial assets	23	170	*170*
Other investments - heritage assets	25	10,213	*8,869*
Total non-current assets		83,891	*82,547*
Current assets			
Amounts due from group undertakings		10,535	*4,885*
Current income tax asset		74	*74*
Cash and cash equivalents	28	2,202	*–*
Total current assets		12,811	*4,959*
Current liabilities			
Trade and other payables	29	(133)	*(134)*
Amounts due to group undertakings		(30,168)	*(21,483)*
Total current liabilities		(30,301)	*(21,617)*
Net current liabilities		(17,490)	*(16,658)*
Total assets less current liabilities		66,401	*65,889*
Non-current liabilities			
Deferred tax liabilities	32	(216)	*(240)*
Total non-current liabilities		(216)	*(240)*
Net assets		66,185	*65,649*

Equity			
Called up share capital	34	282	*282*
Share premium		15,298	*15,298*
Reserves		50,605	*50,069*
Total equity		66,185	*65,649*

The notes on pages 40 to 95 form part of the financial statements.

The financial statements on pages 33 to 95 were approved on 27 April 2016 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 2015

	Notes	2015 £'000	*2014 £'000*
Cash generated from operations			
Cash flows from operating activities	35	39,384	*17,080*
Interest paid		(614)	*(655)*
Income taxes paid		(9,368)	*(11,595)*
Interest received		3,081	*2,871*
Dividends received from associates		1,185	*244*
Net cash flow from operating activities		33,668	*7,945*
Cash flows from investing activities			
Purchase of intangible assets		(1,362)	*(66)*
Purchase of property, plant and equipment		(10,686)	*(19,019)*
Proceeds from sale of non-current assets		6,542	*264*
Purchase of investment property		(8,700)	*–*
Biological asset - new planting		(5,612)	*(5,072)*
Part disposal of subsidiaries		299	*251*
Non-controlling interest subscription		–	*88*
Purchase of own shares		–	*(471)*
Purchase of available-for-sale financial assets		(2,288)	*(308)*
Proceeds from sale of available-for-sale financial assets		1,677	*1,935*
Income from investments		1,440	*2,161*
Purchase of other investments - heritage assets		(164)	*(126)*
Proceeds from sale of other investments - heritage assets		12	*5*
Net cash flow from investing activities		(18,842)	*(20,358)*
Cash flows from financing activities			
Equity dividends paid		(3,480)	*(3,452)*
Dividends paid to non-controlling interests		(4,495)	*(3,990)*
New loans		6,000	*157*
Loans repaid		(397)	*(202)*
Finance lease payments		(4)	*(15)*
Net cash flow from financing activities		(2,376)	*(7,502)*
Net increase/(decrease) in cash and cash equivalents		12,450	*(19,915)*
Cash and cash equivalents at beginning of year	28	54,122	*72,900*
Exchange (losses)/gains on cash		(966)	*1,137*
Cash and cash equivalents at end of year	28	65,606	*54,122*

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 2015

	Notes	2015 £'000	*2014* *£'000*
Cash generated from operations			
Profit before tax		4,071	*3,592*
Adjustments for:			
(Profit)/loss on disposal of investments		(21)	*2*
Interest income		(315)	*(308)*
Dividends from group companies		(5,500)	*(5,000)*
Decrease in trade and other payables		(1)	*(4)*
Net movement in intra-group balances		3,035	*532*
Cash used in operations		1,269	*(1,186)*
Interest received		315	*308*
Net cash flow from operating activities		1,584	*(878)*
Cash flows from investing activities			
Proceeds from sale of investments		32	*5*
Purchase of other investments – heritage assets		(1,355)	*(126)*
Purchase of own shares		–	*(471)*
Dividends received		5,500	*5,000*
Net cash flow from investing activities		4,177	*4,408*
Cash flows from financing activities			
Equity dividends paid		(3,559)	*(3,530)*
Net cash flow from financing activities		(3,559)	*(3,530)*
Net movement in cash and cash equivalents		2,202	–
Cash and cash equivalents at beginning of year	28	–	–
Exchange gain on cash		–	–
Cash and cash equivalents at end of year	28	2,202	–

Statement in changes in equity
for the year ended 31 December 2015

	Share capital £'000	Share premium £'000	Treasury shares £'000	Retained earnings £'000	Other reserves £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
Group								
At 1 January 2014	283	15,298	(400)	323,680	(6,395)	332,466	40,788	373,254
Total comprehensive income/(expense) 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
Total comprehensive (expense)/income for the year	–	–	–	22,160	(10,003)	12,157	3,946	16,103
Dividends	–	–	–	(3,480)	–	(3,480)	(4,495)	(7,975)
Non-controlling interest subscription	–	–	–	(35)	–	(35)	299	264
Share of associate's other equity movements	–	–	–	101	–	101	–	101
Loss on dilution of interest in associate	–	–	–	(17)	–	(17)	–	(17)
At 31 December 2015	282	15,298	(400)	321,990	(6,740)	330,430	42,401	372,831
Company								
At 1 January 2014	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
Total comprehensive income for the year	–	–	–	4,095	–	4,095	–	4,095
Dividends	–	–	–	(3,559)	–	(3,559)	–	(3,559)
At 31 December 2015	282	15,298	–	38,471	12,134	66,185	–	66,185

Other reserves of the group and company includes a £33,000 (2014: £33,000) capital redemption reserve and, in respect of the group, net exchange differences of £49,298,000 deficit (2014: £39,021,000 deficit).

Group retained earnings includes £140,684,000 (2014: £143,122,000) 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, IFRS IC 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 Strategy Group led by the CEO. Inter segment sales are not significant.

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

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

Income from investment properties is disclosed in 'Revenue'. The related operating costs are immaterial and are included within administrative expenses.

Biological assets
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 the 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 agricultural 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 – heritage assets
Other investments comprise fine art, documents, manuscripts and philately which are measured at cost as fair value cannot be reliably measured.

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

Impairment of financial assets

(i) Assets carried at amortised costs
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 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 33.

(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.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

There are no new standards, amendments or interpretations with a material impact on the group for the year ended 31 December 2015.

(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 2016 or later periods, but the group has not adopted them early:

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2016, and have not been applied in preparing these consolidated financial statement. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

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, avocados, 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 endorsed by the EU with an effective date of 1 January 2016. This will have a material impact on the results of the group, the impact of which is illustrated on page 13.
IFRS 15	Revenue from contracts with customers – effective from 1 January 2018
	This standard will replace IAS 18 which covers contracts for good and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2018), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. At this stage, the group is not able to estimate the impact of the new rules on the financial statements. This standard has not yet been endorsed by the EU.

Notes to the accounts

1 Business and geographical segments

The principal activities of the group are as follows:

Agriculture
Engineering
Food Service
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		Engineering		Food Service		Banking and Financial Services		Other operations		Consolidated	
	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*	£'000	*£'000*	£'000	*£'000*	£'000	*£'000*	£'000	*£'000*
Revenue												
External sales	186,547	*164,247*	24,126	*28,872*	31,903	*30,941*	13,077	*12,373*	2,147	*2,435*	257,800	*238,868*
Trading profit												
Segment profit/(loss)	26,300	*27,204*	(5,462)	*(8,387)*	723	*943*	(3,644)	*(2,496)*	(103)	*131*	17,814	*17,395*
Unallocated corporate expenses											(8,762)	*(6,283)*
Trading profit											9,052	*11,112*
Share of associates' results							4,182	*1,092*			4,182	*1,092*
Impairment of available-for-sale financial assets											(516)	*(2,334)*
Impairment of property, plant and equipment and provisions											230	*(1,134)*
Profit on disposal of non-current assets											3,687	*–*

Profit on disposal of available-for-sale investments											353	*447*
Gain arising from changes in fair value of biological assets	20,639	*8,820*									20,639	*8,820*
Investment income											1,440	*2,161*
Net finance income											1,457	*1,819*
Profit before tax											40,524	*21,983*
Taxation											(18,590)	*(13,673)*
Profit after tax											21,934	*8,310*
Other information												
Segment assets	311,406	*293,750*	21,018	*30,907*	22,817	*23,004*	247,179	*254,503*	1,620	*1,830*	604,040	*603,994*
Investments in associates							48,882	*8,664*			48,882	*8,664*
Unallocated assets											84,596	*108,389*
Consolidated total assets											737,518	*721,047*
Segment liabilities	(45,399)	*(32,252)*	(4,336)	*(12,107)*	(4,533)	*(5,814)*	(211,100)	*(217,449)*	(516)	*(577)*	(265,884)	*(268,199)*
Unallocated liabilities											(98,803)	*(88,493)*
Consolidated total liabilities											(364,687)	*(356,692)*
Capital expenditure	7,593	*8,492*	853	*2,213*	1,640	*2,734*	175	*193*	9,125	*5,387*	19,386	*19,019*
Depreciation	(4,967)	*(4,876)*	(1,989)	*(2,033)*	(2,011)	*(2,229)*	(305)	*(354)*	(252)	*(167)*	(9,524)	*(9,659)*
Amortisation	(6)	*(10)*	(7)	*(2)*	(111)	*(83)*	(392)	*(411)*			(516)	*(506)*
Impairments				*(824)*					(552)	*(2,360)*	(552)	*(3,184)*

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

Geographical segments

The group operations are based in 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:

	2015	*2014*
	£'000	*£'000*
United Kingdom	62,054	*67,478*
Continental Europe	30,512	*21,396*
Bangladesh	17,875	*16,645*
India	63,495	*58,828*
Kenya	34,618	*25,933*
Malawi	5,860	*6,092*
North America and Bermuda	8,991	*11,475*
South Africa	1,368	*1,168*
South America	3,738	*5,125*
Other	29,289	*24,728*
	257,800	*238,868*

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

	Carrying amount of segment assets		Additions to property, plant and equipment		Additions to investment properties	
	2015	*2014*	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*	£'000	*£'000*

United Kingdom	292,022	*304,876*	2,939	*10,052*	8,700	–
Continental Europe	4,923	*5,590*	147	*412*	–	–
Bangladesh	59,308	*52,663*	745	*988*	–	–
India	84,897	*79,712*	2,676	*2,883*	–	–
Kenya	73,041	*66,189*	2,750	*1,335*	–	–
Malawi	59,498	*62,005*	591	*1,746*	–	–
North America and Bermuda	11,793	*11,170*	238	*670*	–	–
South Africa	9,883	*10,347*	387	*507*	–	–
South America	8,675	*11,442*	213	*426*	–	–
	604,040	*603,994*	10,686	*19,019*	8,700	–

Results of banking subsidiaries		2015 £'000	*2014 £'000*
Interest receivable	third parties	3,157	*2,415*
	group companies	32	–
Interest payable	third parties	(576)	*(163)*
	group companies	(24)	*(17)*
Net interest income		2,589	*2,235*
Fee and commission income		11,418	*10,707*
Fee and commission expense		(922)	*(586)*
Inter-segment net interest		(8)	*17*
Revenue		13,077	*12,373*
Other operating income		45	*211*
		13,122	*12,584*
Operating expenses		(16,766)	*(15,080)*
Segment loss		(3,644)	*(2,496)*

2 Revenue

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

	2015 £'000	*2014 £'000*
Sale of goods	187,712	*165,768*
Distribution and warehousing revenue	31,903	*30,941*
Engineering services revenue	24,126	*28,872*
Banking service revenue	13,077	*12,373*
Agency commission revenue	523	*644*
Property rental revenue	459	*270*
Total group revenue	257,800	*238,868*
Other operating income	1,872	*2,179*
Investment income	1,440	*2,161*
Interest income	3,045	*2,864*
Total group income	264,157	*246,072*

3 Trading profit

	2015 £'000	*2014 £'000*
The following items have been included in arriving at trading profit:		
Employment costs (note 14)*	100,167	*82,113*
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	124,013	*110,492*
Cost of inventories provision recognised as an expense (included in cost of sales)	520	*411*
Cost of inventories provision reversed (included in cost of sales)	(22)	*(19)*
Depreciation of property, plant and equipment:		

Owned assets	9,371	*9,619*
Under finance leases	114	*40*
Amortisation of intangibles (included in administrative expenses)	516	*506*
Impairment of available-for-sale financial assets (included in administrative expenses)	36	*26*
Profit on disposal of property, plant and equipment	(138)	*(125)*
Operating leases - lease payments:		
Plant and machinery	780	*353*
Property	711	*938*
Repairs and maintenance expenditure on property, plant and equipment	4,505	*4,650*

* Includes a charge of £6,056,000 (2014: £nil) in cost of sales for past service relating to recently enacted legislation in Bangladesh which requires companies to make a payment on retirement or other events terminating employment, based upon compensation and length of service.

Currency exchange (gains)/losses (credited)/charged to income include:		
Revenue	(1,747)	*(652)*
Cost of sales	70	*(16)*
Distribution costs	18	*(173)*
Administrative expenses	(52)	*14*
Finance income	(798)	*(607)*
	(2,509)	*(1,434)*

Included in the amounts above is an exchange gain of £1,792,000 (*2014: £1,879,000* 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	184	*179*
Subsidiary companies	755	*691*
	939	*870*
Audit – related regulatory reporting	71	*60*
Tax services:		
Compliance services	25	*19*
Advisory services	105	*–*
Other services not covered above	288	*30*
	1,428	*979*

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 and have been separately disclosed:

– Provision for past service costs in Bangladesh.

– 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 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.

5 Share of associates' results

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

	2015 £'000	*2014 £'000*
Profit before tax	5,188	*1,814*

Taxation	(1,006)	*(722)*
Profit after tax	4,182	*1,092*

Following a re-evaluation of the group's relationship with BF&M Limited (note 22), six months of the group's share of BF&M's result for the period ending 31 December 2015 have been included in the above results. In addition, £22,677,000 has been credited to the income statement which reflected the negative goodwill arising from the recognition of BF&M Limited as an associate, this has been offset by an impairment provision of £22,677,000 which has been provided against the group's equity carrying value of this investment to reflect its fair value. The net effect of these two items on the income statement is £nil.

6 Impairment of available-for-sale financial assets

Impairment provisions of £279,000 (*2014: £2,334,000*) and £237,000 (*2014: £nil*) have been made against the group's investments in Ascendant Group, a Bermudian power company and Bermuda Press Holdings, a Bermudian newspaper publishing and commercial printing company respectively, following significant long-term declines in the value of these investments.

7 Impairment of property, plant and equipment and provisions

Following the closure of AKD Engineering Limited in June 2015 and the subsequent sale of the property, plant and equipment, the provisions made in 2014 have now been utilised resulting in a £230,000 credit of excess amounts. In 2014, a total provision of £1,134,000 was made, which included a £824,000 impairment provision against property, plant and equipment and £310,000 of provisions including £267,000 in relation to an onerous lease.

8 Profit on disposal of non-current assets

A profit of £1,613,000 was realised in relation to the property, plant and equipment previously owned by AKD Engineering Limited which was sold following the closure of the business at the end of June 2015.

Profit of £2,074,000 was realised during the year in relation to the disposal of former sites owned by Abbey Metal Finishing Company Limited and GU Cutting and Grinding Services Limited.

9 Finance income and costs

	2015 £'000	*2014* *£'000*
Interest payable on loans and bank overdrafts	(687)	*(607)*
Interest payable on obligations under finance leases	–	*(1)*
Finance costs	(687)	*(608)*
Finance income – interest income on short-term bank deposits	3,045	*2,864*
Net exchange gain on foreign cash balances	798	*607*
Employee benefit expense (note 33)	(1,699)	*(1,044)*
Net finance income	1,457	*1,819*

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

10 Taxation

Analysis of charge in the year	2015 £'000	 £'000	*2014* *£'000*
Current tax			
UK corporation tax			
UK corporation tax at 20.25 per cent. (*2014: 21.50 per cent.*)	152		*882*
Double tax relief	(152)		*(882)*
		–	*–*
Foreign tax			
Corporation tax	11,723		*10,353*
Adjustment in respect of prior years	1,536		*646*
		13,259	*10,999*
Total current tax		13,259	*10,999*
Deferred tax			
Origination and reversal of timing differences			
Overseas		5,331	*2,674*
Tax on profit on ordinary activities		18,590	*13,673*
Factors affecting tax charge for the year			
Profit on ordinary activities before tax		40,524	*21,983*

Share of associated undertakings profit	(4,182)	*(1,092)*
Group profit on ordinary activities before tax	36,342	*20,891*
Tax on ordinary activities at the standard rate of corporation tax in the UK of 20.25 per cent. (*2014: 21.5 per cent.*)	7,359	*4,492*
Effects of:		
Adjustment to tax in respect of prior years	1,536	*646*
Expenses not deductible for tax purposes	1,765	*2,477*
Adjustment in respect of foreign tax rates	4,991	*4,100*
Additional tax arising on dividends from overseas companies	1,244	*643*
Other income not charged to tax	(1,295)	*(1,787)*
Increase in tax losses carried forward	2,350	*3,207*
Movement in other timing differences	640	*(105)*
Total tax charge for the year	18,590	*13,673*

11 Profit for the year

	2015 £'000	*2014 £'000*
The profit of the company was:	4,095	*3,610*

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

	2015 £'000	*2014 £'000*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2014 of 92p (*2013: 91p*) per share	2,541	*2,513*
Interim dividend for the year ended 31 December 2015 of 34p (*2014: 34p*) per share	939	*939*
	3,480	*3,452*

Dividends amounting to £79,000 (*2014: £78,000*) 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 2015 of 95p (*2014: 92p*) per share	2,683	*2,599*

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	2015 Weighted average number of shares Number	EPS Pence	*Earnings £'000*	*2014 Weighted average number of shares Number*	*EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	12,449	2,762,000	450.7	*2,836*	*2,762,264*	*102.7*

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 34).

14 Employees

	2015 Number	*2014 Number*
Average number of employees by activity:		
Agriculture	77,552	*79,994*

Engineering	319	*390*
Food Service	307	*283*
Banking and Financial Services	154	*127*
Central Management	22	*23*
Other	21	*17*
	78,375	*80,834*

	2015	*2014*
	£'000	*£'000*
Employment costs:		
Wages and salaries	84,280	*74,307*
Social security costs	3,540	*3,626*
Employee benefit obligations (see note 33) – UK	2,138	*1,872*
– Overseas	10,209	*2,308*
	100,167	*82,113*

Total remuneration paid to key employees who are members of the Executive Committees and who are key employees of Duncan Lawrie, excluding directors of Camellia Plc, amounted to £844,000 (*2014: £875,000*).

Further details of directors' emoluments are set out on pages 30 to 31.

15 Emoluments of the directors

	2015	*2014*
	£'000	*£'000*
Aggregate emoluments excluding pension contributions	2,611	*1,785*

Emoluments of the highest paid director excluding pension contributions were £476,000 (*2014: £466,000*).

Further details of directors' emoluments are set out on pages 30 to 31.

16 Intangible assets

	Goodwill £'000	Customer relationships £'000	Computer software £'000	Total £'000
Group				
Cost				
At 1 January 2014	3,978	4,814	2,466	11,258
Exchange differences	–	–	9	9
Additions	–	–	66	66
Reclassification from property, plant and equipment	–	–	2,503	2,503
At 1 January 2015	3,978	4,814	5,044	13,836
Exchange differences	–	–	(1)	(1)
Additions	–	–	1,362	1,362
Disposals	–	–	(43)	(43)
At 31 December 2015	3,978	4,814	6,362	15,154
Amortisation				
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 1 January 2015	–	2,074	4,690	6,764
Exchange differences	–	–	2	2
Disposals	–	–	(43)	(43)
Charge for the year	–	241	275	516
At 31 December 2015	–	2,315	4,924	7,239
Net book value at 31 December 2015	3,978	2,499	1,438	7,915
Net book value at 31 December 2014	*3,978*	*2,740*	*354*	*7,072*

Impairment testing

Timing of impairment testing

The group's impairment test in respect of goodwill and customer relationships 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 2015. 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 2015 and 2014. 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

Group	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Deemed cost				
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 1 January 2015	93,371	106,607	18,965	218,943
Exchange differences	(1,672)	(3,846)	(164)	(5,682)
Additions	4,189	5,323	1,174	10,686
Disposals	(3,775)	(3,480)	(952)	(8,207)
Reclassification to investment properties	(7,750)	–	–	(7,750)
Reclassification to other investments – heritage assets	–	–	(94)	(94)
At 31 December 2015	84,363	104,604	18,929	207,896
Depreciation				
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 1 January 2015	37,926	65,844	10,250	114,020
Exchange differences	(486)	(1,715)	(119)	(2,320)
Charge for the year	2,592	5,924	969	9,485
Disposals	(1,719)	(3,095)	(676)	(5,490)
Reclassification to investment properties	(608)	–	–	(608)
Reclassification to other investments - heritage assets	–	–	(85)	(85)
At 31 December 2015	37,705	66,958	10,339	115,002
Net book value at 31 December 2015	46,658	37,646	8,590	92,894
Net book value at 31 December 2014	*55,445*	*40,763*	*8,715*	*104,923*

Land and buildings at net book value comprise:

	2015 £'000	*2014 £'000*
Freehold	25,363	*33,779*
Long leasehold	20,794	*20,630*

Short leasehold	501	*1,036*
	46,658	*55,445*

Plant and machinery includes assets held under finance leases. The depreciation charge for the year in respect of these assets was £nil (*2014: £9,000*) and their net book value was £nil (*2014: £14,000*).

The amount of expenditure for property, plant and equipment in the course of construction amounted to £1,901,000 (*2014: £948,000*).

18 Investment properties

	£'000
Group	
Cost	
At 1 January 2015	–
Exchange differences	(61)
Additions	8,700
Transfers from property, plant and equipment	7,750
At 31 December 2015	16,389
Depreciation	
At 1 January 2015	–
Exchange differences	(9)
Charge for the year	39
Transfers from property, plant and equipment	608
At 31 December 2015	638
Net book value at 31 December 2015	15,751

Included in revenue is £459,000 of rental income generated from investment properties. Direct operating expenses arising on the investment property, the majority of which generated rental income in the period, amount to £238,000.

At the end of the year the fair value of investment properties was £21,446,000. Investment properties were valued by the directors (fair value hierarchy Level 2).

19 Biological assets

	Tea £'000	Edible nuts £'000	Timber £'000	Other £'000	Total £'000
Group					
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 1 January 2015	85,560	25,966	10,152	18,321	139,999
Exchange differences	(8,002)	(7,847)	(1,757)	(534)	(18,140)
New planting additions	2,487	2,602	523	–	5,612
Capitalised cultivation costs	–	1,788	–	4,323	6,111
Gains arising from changes in fair value less estimated point-of-sale costs	5,199	12,217	1,748	1,475	20,639
Decreases due to harvesting	–	(4,009)	(465)	(4,926)	(9,400)
At 31 December 2015	85,244	30,717	10,201	18,659	144,821

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 2015 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
	%	%	%	%
2015	13.5	12.0 – 17.5	10.5 – 17.5	5.0 – 17.5
2014	13.5	12.0 – 17.5	10.5 – 17.5	5.0 – 17.5

During the year the Malawian kwacha depreciated in value from 725.05 (*2014: 712.19*) to the pound sterling at 1 January 2015 to 984.22 (*2014: 725.05*) to the pound sterling at 31 December 2015. The functional currency of our Malawian subsidiaries is the kwacha. The 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 2015 has generated a credit of £17,917,000 (*2014: £6,546,000*) including a gain of £16,220,000 (*2014: £978,000*) due to the currency devaluation which is included in the overall gain of £20,639,000 (*2014: £8,820,000*) 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 page 43.

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 £79,438,000 (*2014: £73,457,000*) which includes a gain on initial recognition at the point of harvest of £14,128,000 (*2014: £13,093,000*).

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

	2015 Hectares	*2014 Hectares*
Tea	34,617	*34,345*
Macadamia	3,338	*3,060*
Pistachios	131	*130*
Almonds	56	*56*

Timber	6,251	*5,822*
Arable crops	3,374	*3,528*
Avocados	451	*414*
Citrus	177	*178*
Pineapples	55	*50*
Rubber	1,968	*1,901*
Wine grapes	73	*75*

	2015 Head	*2014 Head*
Livestock numbers at the end of the year	4,500	*3,874*

Output of agricultural produce during the year was:

	2015 Metric tonnes	*2014 Metric tonnes*
Tea	63,366	*67,555*
Macadamia	1,156	*1,085*
Pistachios	31	*621*
Arable crops	22,981	*12,838*
Avocados	7,084	*6,339*
Citrus	4,844	*5,618*
Pineapples	1,752	*1,552*
Rubber	629	*601*
Wine grapes	625	*718*

	2015 Cubic metres	*2014 Cubic metres*
Timber	125,557	*122,768*

20 Prepaid operating leases

	£'000
Group	
Cost	
At 1 January 2014	910
Exchange differences	11
At 1 January 2015	921
Exchange differences	(60)
At 31 December 2015	861
Amortisation	
At 1 January 2014	20
Charge for the year	1
At 1 January 2015	21
Exchange differences	(1)
Charge for the year	1
At 31 December 2015	21
Net book value at 31 December 2015	840
Net book value at 31 December 2014	*900*

21 Investments in subsidiaries

	2015 £'000	*2014 £'000*
Company		

Cost		
At 1 January and 31 December		
	73,508	*73,508*

22 Investments in associates

	2015	*2014*
	£'000	*£'000*
Group		
At 1 January	8,664	*7,343*
Exchange differences	4,231	*473*
Transfer from available-for-sale financial assets	34,435	–
Negative goodwill on initial recognition as an associate (note 5)	22,677	–
Share of profit (note 5)	4,182	*1,092*
Dividends	(1,185)	*(244)*
Other equity movements	33	–
At 31 December	73,037	*8,664*
Provision for diminution in value		
At 1 January	–	–
Exchange differences	1,478	–
Provided during year (note 5)	22,677	–
At 31 December	24,155	–
Net book value at 31 December	48,882	*8,664*

From 1 July 2015, following a re-evaluation of the group's relationship with BF&M Limited, the directors concluded that the group is in a position to exercise significant influence over BF&M Limited. As a result the investment in this company has been reclassified from available-for-sale financial assets to an investment in associate. The result of this reclassification is that investments in associates increase by £57,112,000 reflecting the group's equity interest in BF&M Limited and available-for-sale financial assets decline by £34,435,000, being the market value of the group's shareholding. The difference of £22,677,000 has been transferred to the income statement, this is offset by an impairment provision of £22,677,000 which has been made against the group's equity carrying value of this investment, due to the significant difference between the equity value of the investment and the market value at 1 July 2015.

Details of the group's associates are shown in note 40.

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	Liabilities	Revenues	Profit	Interest held	Market value
		£'000	£'000	£'000	£'000	%	£'000
2015							
Listed							
BF&M Limited	Bermuda	411,850	(348,899)	60,231	2,946	36.1	35,932
United Finance Limited	Bangladesh	63,566	(55,359)	6,355	1,083	38.4	10,653
United Insurance Company Limited	Bangladesh	2,477	(598)	283	153	37.0	3,197
		477,893	(404,856)	66,869	4,182		49,782
2014							
Listed							
United Finance Limited	Bangladesh	*49,411*	*(42,455)*	*5,942*	*949*	*38.4*	*10,607*
United Insurance Company Limited	Bangladesh	*2,269*	*(561)*	*270*	*143*	*37.0*	*3,709*
		51,680	*(43,016)*	*6,212*	*1,092*		*14,316*

23 Available-for-sale financial assets

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Cost or fair value				

	Group 2015	Group 2014	Company 2015	Company 2014
At 1 January	67,770	*61,697*	170	*170*
Exchange differences	1,328	*3,793*	–	–
Transfer to investments in associates	(34,435)	–	–	–
Fair value adjustment	211	*2,822*	–	–
Additions	2,288	*308*	–	–
Disposals	(1,324)	*(486)*	–	–
Fair value adjustment for disposal	(161)	*(364)*	–	–
At 31 December	35,677	*67,770*	170	*170*
Provision for diminution in value				
At 1 January	4,282	*1,696*		
Exchange differences	249	*226*		
Provided during year	552	*2,360*		
At 31 December	5,083	*4,282*		
Net book value at 31 December	30,594	*63,488*	170	*170*

Available-for-sale financial assets include the following:

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Listed securities:				
Equity securities - UK	939	*862*		
Equity securities - Bermuda	5,210	*39,101*		
Equity securities - Japan	12,162	*11,269*		
Equity securities - Switzerland	6,645	*6,092*		
Equity securities - US	2,107	*2,719*		
Equity securities - India	1,033	*1,809*		
Equity securities - Europe	366	*351*		
Equity securities - Other	329	*338*		
Debentures with fixed interest of 12.5% and repayable twice yearly until 31 October 2019 – Kenya	573	*766*		
Unlisted investments	1,230	*181*	170	*170*
	30,594	*63,488*	170	*170*

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

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Sterling	2,159	*1,032*	170	*170*
US Dollar	2,107	*2,719*		
Euro	366	*351*		
Swiss Franc	6,645	*6,092*		
Indian Rupee	1,034	*1,809*		
Bermudian Dollar	5,210	*39,101*		
Japanese Yen	12,162	*11,269*		
Kenyan Shilling	580	*772*		
Other	331	*343*		
	30,594	*63,488*	170	*170*

24 Held-to-maturity financial assets

	Group	
	2015	*2014*
	£'000	*£'000*
Cost or fair value		
At 1 January	–	*1,000*
Additions	29,510	–

Disposals	–	*(1,000)*
At 31 December	29,510	–
Net book value comprises:		
Debt securities	29,510	–
Current element	1,849	–
Non-current element	27,661	–
	29,510	–

Debt securities are held by the group's banking operation and are readily tradable in the London markets.

25 Other investments – heritage assets

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Cost				
At 1 January	8,864	*8,745*	8,869	*8,750*
Additions	164	*126*	1,355	*126*
Disposals	(17)	*(7)*	(11)	*(7)*
Transfers from property, plant and equipment	9	*–*	–	*–*
At 31 December	9,020	*8,864*	10,213	*8,869*

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

26 Inventories

	2015	*2014*
	£'000	*£'000*
Group		
Made tea	23,557	*24,417*
Other agricultural produce	1,423	*979*
Work in progress	1,831	*2,773*
Trading stocks	1,818	*2,659*
Raw materials and consumables	9,120	*11,013*
	37,749	*41,841*

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 £23,557,000 (*2014: £24,417,000*) are costs associated with the growing and cultivation of green leaf from our own estates of £12,311,000 (*2014: £12,095,000*). This would increase by £2,580,000 (*2014: £2,516,000*) if estimated green leaf fair values at harvest were applied. The impact on the income statement would be a decrease in profit for the year to 31 December 2015 of £64,000 (*2014: £2,587,000*) and a decrease in taxation of £22,000 (*2014: £900,000*).

The year end inventories balance is stated after a write-down provision of £181,000 (*2014: £104,000*).

27 Trade and other receivables

	Group	
	2015	*2014*
	£'000	*£'000*
Group		
Current:		
Amounts due from customers of banking subsidiaries	14,263	*16,688*
Trade receivables	25,617	*28,976*
Amounts owed by associated undertakings	11	*–*
Other receivables	7,854	*8,532*
Prepayments and accrued income	7,809	*9,096*
	55,554	*63,292*

Non-current:		
Amounts due from customers of banking subsidiaries	21,570	*22,066*
Other receivables	1,164	*1,237*
	22,734	*23,303*

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

	2015	*2014*
	£'000	*£'000*
Current:		
Sterling	27,581	*33,501*
US Dollar	3,129	*5,791*
Euro	1,230	*1,487*
Kenyan Shilling	2,420	*1,741*
Indian Rupee	17,835	*16,188*
Malawian Kwacha	814	*1,183*
Bangladesh Taka	1,244	*2,144*
South African Rand	152	*127*
Brazilian Real	610	*508*
Other	539	*622*
	55,554	*63,292*
Non-current:		
Sterling	21,490	*21,912*
US Dollar	81	*154*
Kenyan Shilling	325	*340*
Indian Rupee	421	*403*
Malawian Kwacha	158	*230*
Bangladesh Taka	259	*264*
	22,734	*23,303*

Included within trade receivables is a provision for doubtful debts of £947,000 (*2014: £595,000*) and all other trade receivables are with normal trading partners and there is no history of defaults.

Trade receivables include receivables of £6,613,000 (*2014: £3,797,000*) 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:

	2015	*2014*
	£'000	*£'000*
Up to 30 days	4,411	*2,308*
30-60 days	1,417	*510*
60-90 days	251	*496*
Over 90 days	534	*483*
	6,613	*3,797*

28 Cash and cash equivalents

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Cash at bank and in hand	157,157	*190,542*	2,202	–
Short-term bank deposits	40,149	*36,290*	–	–
Short-term liquid investments	40,466	*30,332*	–	–
	237,772	*257,164*	2,202	–

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 £167,413,000 (2014: *£200,285,000*) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Cash and cash equivalents (excluding banking operations)	70,359	*56,879*	2,202	–
Bank overdrafts (note 30)	(4,753)	*(2,757)*	–	–
	65,606	*54,122*	2,202	–

	2015	*2014*	2015	*2014*
Effective interest rate:				
Short-term deposits	4.00 - 20.00%	*0.40 - 12.00%*	–	–
Short-term liquid investments	0.07 - 0.47%	*0.00 - 0.77%*	–	–
Average maturity period:				
Short-term deposits	103 days	*77 days*	–	–
Short-term liquid investments	40 days	*16 days*	–	–

29 Trade and other payables

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Current				
Amounts due to customers of banking subsidiaries	204,200	*209,677*	–	–
Trade payables	26,468	*23,913*	–	–
Other taxation and social security	2,671	*2,304*	–	–
Other payables	20,175	*14,640*	133	*134*
Accruals	5,380	*7,758*	–	–
	258,894	*258,292*	133	*134*
Non-current:				
Amounts due to customers of banking subsidiaries	4,392	*5,130*	–	–

30 Financial liabilities – borrowings

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

	2015	*2014*
	£'000	*£'000*
Group		
Current:		
Bank overdrafts	4,753	*2,757*
Bank loans	613	*94*
Finance leases	–	*4*
	5,366	*2,855*
Current borrowings include the following amounts secured on biological assets and property, plant and equipment:		
Bank overdrafts	3,833	*1,429*
Bank loans	613	*94*
Finance leases	–	*4*
Present value of finance lease liabilities	4,446	*1,527*
Non-current:		
Bank loans	5,131	*42*

Non-current borrowings include the following amounts secured on biological assets and investment property:

Bank loans	5,131	*42*

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

Within one year or on demand (included in current liabilities)	5,366	*2,851*
Between 1 - 2 years	609	*12*
Between 2 - 5 years	4,514	*14*
After 5 years	8	*16*
	10,497	*2,893*

Minimum finance lease payments fall due as follows:

Within one year or on demand (included in current liabilities)	–	*4*
Present value of finance lease liabilities	–	*4*

The present value of finance lease liabilities fall due as follows:

	2015	*2014*
	£'000	*£'000*
Within one year or on demand (included in current liabilities)	–	*4*

The rates of interest payable by the group ranged between:

	2015	*2014*
	%	*%*
Overdrafts	2.25 - 36.00	*2.25 - 36.00*
Bank loans	3.03	*9.00 - 13.00*
Finance leases	–	*18.00*

31 Provisions

	Onerous lease	Others	Total
	£'000	£'000	£'000
Group			
At 1 January 2014	450	210	660
Utilised in the period	(450)	–	(450)
Provided in the period	267	159	426
At 1 January 2015	267	369	636
Utilised in the period	(63)	(306)	(369)
Provided in the period	–	230	230
Unused amounts reversed in period	(204)	(26)	(230)
At 31 December 2015	–	267	267
Current:			
At 31 December 2015	–	267	267
At 31 December 2014	*267*	*369*	*636*

Others relate to provisions for claims and dilapidations.

32 Deferred tax

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

	Group		Company	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
At 1 January	41,434	*39,106*	240	*258*
Exchange differences	(6,228)	*424*	–	*–*
Charged/(credited) to the income statement	5,331	*2,674*	(24)	*(18)*
Credited to equity	(590)	*(770)*	–	*–*

At 31 December	39,947	*41,434*	216	*240*

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 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 1 January 2015	45,125	282	–	45,407
Exchange differences	(6,316)	2	(17)	(6,331)
Charged to the income statement	7,165	81	95	7,341
Credited/(charged) to equity	5	(341)	–	(336)
At 31 December 2015	45,979	24	78	46,081
Deferred tax assets offset				(3,600)
Net deferred tax liability after offset				42,481

Deferred tax assets

	Tax losses £'000	Pension scheme asset £'000	Other £'000	Total £'000
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
Charged to equity	–	627	72	699
At 1 January 2015	725	897	2,351	3,973
Exchange differences	4	4	(111)	(103)
(Charged)/credited to the income statement	(254)	(14)	2,278	2,010
Credited/(charged) to equity	–	278	(24)	254
At 31 December 2015	475	1,165	4,494	6,134
Offset against deferred tax liabilities				(3,600)
Net deferred tax asset after offset				2,534

Included within deferred tax liabilities are £40,768,000 (2014: £39,495,000) of accelerated tax depreciation relating to biological assets.

Deferred tax liabilities of £20,718,000 (2014: £21,415,000) 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 £7,045,000 (*2014: £8,054,000*) in respect of losses that can be carried forward against future taxable income.

33 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. A full actuarial valuation was undertaken as at 1 July 2014 and updated to 31 December 2015 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. Active members earn accruals at a rate of 1/80th per year of service.

The overseas schemes are operated in group subsidiaries located in Bangladesh, India and the Netherlands. Actuarial valuations have been updated to 31 December 2015 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:

	2015 % per annum	*2014* *% per annum*
UK schemes		
Rate of increase in salaries	2.00	*2.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.00 – 5.00	*2.00 – 5.00*
Discount rate applied to scheme liabilities	3.50	*3.50*
Inflation assumption (CPI/RPI)	2.00/3.00	*2.00/3.00*

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are S2PA, on a year of birth basis, with CMI_2013 future improvement factors and subject to a long term annual rate of future improvement of 1.25% per annum. This results in males and females aged 65 having life expectancies of 22 years (2014: 22 years) and 24 years respectively (2014: 24 years).

Overseas schemes		
Rate of increase in salaries	1.50 – 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	2.30 – 9.0	*2.10 – 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:

	2015 % per annum	*2014* *% per annum*
Rate of increase in salaries	6.00 – 10.00	*6.00 – 10.00*
Discount rate applied to scheme liabilities	8.00 – 14.00	*8.00 – 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	0.5% lower	1.8% increase
Post-retirement discount rate	0.5% lower	5.7% increase
Salary increase rate	0.25% lower	0.2% decrease
Inflation rate	0.25% lower	1.5% decrease
Long-term rate of improvement of mortality	0.25% higher	1.4% 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 re-running the figures as at the last formal actuarial valuation at 1 July 2014. 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 2014 the allocation of the present value of the UK scheme liabilities was as follows:

	%
Active members	11
Deferred pensioners	28
Current pensioners	61
Total membership	100

(iii) Actuarial valuations

	UK 2015 £'000	Overseas 2015 £'000	Total 2015 £'000	*UK 2014 £'000*	*Overseas 2014 £'000*	*Total 2014 £'000*
Equities and property	89,640	493	90,133	*93,247*	*494*	*93,741*
Bonds	53,069	12,848	65,917	*52,088*	*11,826*	*63,914*
Cash	6,939	5,356	12,295	*4,359*	*4,197*	*8,556*
Other	–	3,682	3,682	–	*3,421*	*3,421*
Total fair value of plan assets	149,648	22,379	172,027	*149,694*	*19,938*	*169,632*
Present value of defined benefit obligations	(174,129)	(36,532)	(210,661)	*(184,326)*	*(26,913)*	*(211,239)*
Total deficit in the schemes	(24,481)	(14,153)	(38,634)	*(34,632)*	*(6,975)*	*(41,607)*
Amount recognised as asset in the balance sheet	–	176	176	–	*805*	*805*
Amount recognised as current liability in the balance sheet	–	(1,017)	(1,017)	–	*(527)*	*(527)*
Amount recognised as non-current liability in the balance sheet	(24,481)	(13,312)	(37,793)	*(34,632)*	*(7,253)*	*(41,885)*
	(24,481)	(14,153)	(38,634)	*(34,632)*	*(6,975)*	*(41,607)*
Related deferred tax asset (note 32)	–	1,165	1,165	–	*897*	*897*
Related deferred tax liability (note 32)	–	(24)	(24)	–	*(282)*	*(282)*
Net deficit	(24,481)	(13,012)	(37,493)	*(34,632)*	*(6,360)*	*(40,992)*

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

	UK 2015 £'000	Overseas 2015 £'000	Total 2015 £'000	*UK 2014 £'000*	*Overseas 2014 £'000*	*Total 2014 £'000*
At 1 January	149,694	19,938	169,632	*145,286*	*18,748*	*164,034*
Expected return on plan assets	5,125	1,997	7,122	*6,406*	*1,514*	*7,920*
Employer contributions	1,490	2,417	3,907	*1,531*	*635*	*2,166*
Contributions paid by plan participants	–	24	24	–	*22*	*22*
Benefit payments	(8,041)	(1,826)	(9,867)	*(7,410)*	*(1,336)*	*(8,746)*
Actuarial gains/(losses)	1,380	(301)	1,079	*3,881*	*(106)*	*3,775*
Exchange differences	–	130	130	–	*461*	*461*
At 31 December	149,648	22,379	172,027	*149,694*	*19,938*	*169,632*

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

	UK 2015 £'000	Overseas 2015 £'000	Total 2015 £'000	*UK 2014 £'000*	*Overseas 2014 £'000*	*Total 2014 £'000*
At 1 January	(184,326)	(26,913)	(211,239)	*(162,294)*	*(23,081)*	*(185,375)*
Current service cost	(800)	(1,507)	(2,307)	*(769)*	*(909)*	*(1,678)*
Past service cost	–	(6,056)	(6,056)	–	*711*	*711*
Contributions paid by plan participants	–	(24)	(24)	–	*(22)*	*(22)*
Interest cost	(6,311)	(2,480)	(8,791)	*(7,137)*	*(1,827)*	*(8,964)*

Benefit payments	8,041	1,826	9,867	*7,410*	*1,336*	*8,746*
Actuarial gains/(losses)	9,267	(1,231)	8,036	*(21,536)*	*(2,580)*	*(24,116)*
Exchange differences	–	(147)	(147)	–	*(541)*	*(541)*
At 31 December	(174,129)	(36,532)	(210,661)	*(184,326)*	*(26,913)*	*(211,239)*

In 2013, the total fair value of plan assets was £164,034,000, present value of defined benefit obligations was £185,375,000 and the deficit was £21,341,000. 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 and 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.

Income statement

The amounts recognised in the income statement are as follows:

		2015			*2014*	
	UK	Overseas	Total	*UK*	*Overseas*	*Total*
	£'000	£'000	£'000	*£'000*	*£'000*	*£'000*
Amounts charged to operating profit:						
Current service cost	(800)	(1,507)	(2,307)	*(769)*	*(909)*	*(1,678)*
Past service cost	–	(6,056)	(6,056)	–	*711*	*711*
Total operating charge	(800)	(7,563)	(8,363)	*(769)*	*(198)*	*(967)*
Amounts charged to other finance costs:						
Interest expense	(1,186)	(483)	(1,669)	*(731)*	*(313)*	*(1,044)*
Total charged to income statement	(1,986)	(8,046)	(10,032)	*(1,500)*	*(511)*	*(2,011)*

The past service cost of £6,056,000 relates to recently enacted legislation in Bangladesh which requires companies to make a payment to employees on retirement or other events terminating employment, based upon compensation and length of service. Current service costs for the overseas operations included £376,000 arising from these changes.

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £3,984,000 (2014: £3,213,000).

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income:

		2015			*2014*	
	UK	Overseas	Total	*UK*	*Overseas*	*Total*
	£'000	£'000	£'000	*£'000*	*£'000*	*£'000*
Actual return less expected return on pension scheme assets	1,380	(301)	1,079	*3,881*	*(106)*	*3,775*
Experience gains/(losses) arising on scheme liabilities	2,307	(840)	1,467	*(2,501)*	*(312)*	*(2,813)*
Changes in assumptions underlying present value of scheme liabilities	6,960	(391)	6,569	*(19,035)*	*(2,268)*	*(21,303)*
Actuarial gain/(loss)	10,647	(1,532)	9,115	*(17,655)*	*(2,686)*	*(20,341)*

Cumulative actuarial losses recognised in the statement of comprehensive income are £35,000,000 (*2014: £44,115,000*).

The employer contributions to be paid to the UK defined benefit pension scheme for the year commencing 1 January 2016 is 20.0% of pensionable salary for active members plus £918,000 additional contribution to reduce the scheme's funding deficit.

34 Share capital

	2015	*2014*
	£'000	*£'000*
Authorised: 2,842,000 (*2014: 2,842,000*) ordinary shares of 10p each	284	*284*
Allotted, called up and fully paid: ordinary shares of 10p each:		
At 1 January - 2,824,500 (*2014: 2,829,700*) shares	282	*283*
Purchase of own shares - nil (*2014: 5,200*) shares	–	*(1)*

At 31 December - 2,824,500 (*2014: 2,824,500*) shares	282	*282*

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

35 Reconciliation of profit from operations to cash flow

	2015 £'000	*2014 £'000*
Group		
Profit from operations	37,627	*18,003*
Share of associates' results	(4,182)	*(1,092)*
Depreciation and amortisation	10,040	*10,165*
Impairment of assets	552	*3,494*
Gain arising from changes in fair value of biological assets	(20,639)	*(8,820)*
Profit on disposal of non-current assets	(3,825)	*(125)*
Profit on disposal of investments	(353)	*(447)*
Profit on part disposal of subsidiary	(30)	*(56)*
Increase/(decrease) in working capital	12,812	*(6,326)*
Pensions and similar provisions less payments	4,025	*(1,235)*
Biological assets capitalised cultivation costs	(6,111)	*(5,636)*
Biological assets decreases due to harvesting	9,400	*8,604*
Net decrease in funds of banking subsidiaries	68	*551*
Cash generated from operations	39,384	*17,080*

36 Reconciliation of net cash flow to movement in net cash

	2015 £'000	*2014 £'000*
Group		
Increase/(decrease) in cash and cash equivalents in the year	12,450	*(19,915)*
Net cash (inflow)/outflow from (increase)/decrease in debt	(5,599)	*60*
Increase/(decrease) in net cash resulting from cash flows	6,851	*(19,855)*
Exchange rate movements	(971)	*1,128*
Increase/(decrease) in net cash in the year	5,880	*(18,727)*
Net cash at beginning of year	53,982	*72,709*
Net cash at end of year	59,862	*53,982*

37 Commitments

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

	2015 £'000	*2014 £'000*
Group		
Property, plant and equipment	1,316	*824*
Biological assets	51	*–*
	1,367	*824*

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:

	2015 £'000	*2014 £'000*
Group		
Land and buildings:		
Within 1 year	1,367	*826*
Between 1 – 5 years	2,569	*2,206*
After 5 years	15,017	*12,875*

	2015	2014
	18,953	*15,907*
Plant and machinery:		
Within 1 year	187	*99*
Between 1 – 5 years	224	*128*
	411	*227*

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

38 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.

39 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 30, 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:

	2015 £'000	*2014* *£'000*
Borrowings	10,497	*2,897*
Tangible net assets	322,515	*314,632*
Ratio	3.25%	*0.92%*

Borrowings are defined as current and non-current borrowings, as detailed in note 30.

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 2015

	Loans and receivables £'000	Available for sale £'000	Held to maturity £'000	Total £'000
Group				
Assets as per balance sheet				
Available-for-sale financial assets	–	30,594	–	30,594
Held-to-maturity financial assets	–	–	29,510	29,510
Trade and other receivables excluding prepayments	34,646	–	–	34,646
Loans and advances to customers of banking subsidiaries	35,833	–	–	35,833
Cash and cash equivalents (excluding bank subsidiaries)	70,359	–	–	70,359
Loans and advances to banks by banking subsidiaries	167,413	–	–	167,413
	308,251	30,594	29,510	368,355
Company				
Available-for-sale financial assets	–	170	–	170
Cash and cash equivalents	2,202	–	–	2,202
	2,202	170	–	2,372

	Other financial liabilities at amortised cost £'000	Total £'000
Group		
Liabilities as per balance sheet		
Borrowings	10,497	10,497
Amounts due to customers of banking subsidiaries	208,592	208,592
Trade and other payables	52,023	52,023
	271,112	271,112
Company		
Trade and other payables	133	133

At 31 December 2014

	Loans and receivables £'000	Available for sale £'000	Held to maturity £'000	Total £'000
Group				
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	*200,285*	–	–	*200,285*
	334,663	*63,488*	–	*398,151*
Company				
Available-for-sale financial assets	–	*170*	–	*170*

	Other financial liabilities at amortised cost £'000	Total £'000
Group		
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	*98*	*98*
	264,113	*264,113*
Company		
Trade and other payables	*134*	*134*

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

At 31 December 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Available-for sale financial assets:				
– Equity securities	28,791	–	1,230	30,021
Debt investments:				
– Debentures	573	–	–	573
Held-to-maturity financial assets	29,510	–	–	29,510
	58,874	–	1,230	60,104

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*	–	*181*	*62,722*
Debt investments:				
– Debentures	*766*	–	–	*766*
	63,307	–	*181*	*63,488*

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 Japanese available-for-sale financial assets. A movement by 5 per cent. in the exchange rate of the Japanese Yen with Sterling, would increase/decrease the group's equity balance by £608,000 (*2014: £563,000*).

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 £1,440,000 (*2014: £3,127,000*).

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 2015, 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 £266,000 (*2014: £215,000*) higher/lower.

At 31 December 2015, 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 £7,000 *(2014: £176,000)* higher/lower.

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

	Assets		Liabilities	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Sterling	136,675	*178,831*	135,356	*143,660*
US Dollar	76,232	*52,105*	59,126	*42,165*
Euro	13,136	*19,403*	12,714	*18,666*
Swiss Franc	4,482	*9,827*	4,151	*5,231*
Kenyan Shilling	15,712	*11,915*	–	*2*
Indian Rupee	11,424	*7,873*	512	*807*
Malawian Kwacha	36	*38*	919	*785*
Bangladesh Taka	8,198	*4,066*	3,175	*248*
Australian Dollar	361	*527*	353	*522*
South African Rand	1,545	*1,359*	106	*151*
Brazilian Real	2,226	*3,346*	–	*–*
Bermudian Dollar	898	*1,153*	–	*–*
Canadian Dollar	2,104	*603*	2,104	*598*
Japanese Yen	70	*407*	69	*404*
Other	506	*4,465*	504	*4,465*
	273,605	*295,918*	219,089	*217,704*

(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 30 per cent. (*2014: 21 per cent.*) of total trade receivables.

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

The two subsidiary companies which are engaged in banking activities, Duncan Lawrie Limited and Duncan Lawrie (IOM) Limited seek to match maturing customer deposits with market placements and to use liquid assets such as certificates of deposit. This results in reduced liquidity risk for Duncan Lawrie and the group.

At 31 December 2015, the group had undrawn committed facilities of £22,247,000 (*2014: £24,995,000*), 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 2015						
Assets						
Available-for-sale financial assets	143	143	287	–	30,021	30,594
Held-to-maturity financial assets	1,849	9,352	12,667	5,642	–	29,510
Trade and other receivables	33,482	1,164	–	–	–	34,646
Loans and advances to customers of banking subsidiaries	14,167	6,698	14,656	216	96	35,833
Cash and cash equivalents (excluding bank subsidiaries)	70,359	–	–	–	–	70,359
Loans and advances to banks by banking subsidiaries	167,211	–	–	–	202	167,413
	287,211	17,357	27,610	5,858	30,319	368,355
Liabilities						
Borrowings (excluding finance lease liabilities)	5,366	609	4,514	8	–	10,497
Deposits by banks at banking subsidiaries	1,482	–	700	–	–	2,182
Customer accounts held at banking subsidiaries	202,677	1,493	2,118	81	41	206,410
Trade and other payables	52,023	–	–	–	–	52,023
	261,548	2,102	7,332	89	41	271,112
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*
	309,016	*7,388*	*15,623*	*905*	*65,219*	*398,151*
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*
	258,809	*2,142*	*2,930*	*198*	*34*	*264,113*

Included in loans and advances to banks by banking subsidiaries repayable in less than 1 year is £120,627,000 (*2014: £170,486,000*) repayable on demand, £43,084,000 *(2014: £29,645,000)* repayable within 3 months and £3,500,000 (*2014: £nil*) repayable between 3 and 12 months.

Included in loans and advances to customers of banking subsidiaries repayable in less than 1 year is £5,031,000 (*2014: £3,723,000*) repayable on demand, £4,445,000 (*2014: £2,202,000*) repayable within 3 months and £4,691,000 (*2014: £8,420,000*) repayable between 3 and 12 months.

Included in held-to-maturity financial assets repayable in less than 1 year is £1,849,000 (*2014: £nil*) repayable between 3 and 12 months.

Included in deposits by banks at banking subsidiaries repayable in less than 1 year is £363,000 (*2014: £815,000*) repayable on demand and £1,119,000 (*2014: £208,000*) repayable between 3 and 12 months.

Included in customer accounts held at banking subsidiaries repayable in less than 1 year is £176,736,000 (*2014: £179,179,000*) repayable on demand, £22,457,000 (*2014: £25,871,000*) repayable within 3 months and £3,484,000 (*2014: £3,570,000*) repayable between 3 and 12 months.

Included in borrowings in less than 1 year is £4,753,000 (*2014: £2,757,000*) repayable on demand.

40 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the group at 31 December 2015, which are wholly owned and incorporated in Great Britain unless otherwise stated, were:

	Principal country of operation
Agriculture	
Amgoorie India Limited (Incorporated in India – 99.8% holding)	India
Amo Tea Company Limited	Bangladesh
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil)	Brazil
Chittagong Warehouse Limited (Incorporated in Bangladesh – 93.3% holding)	Bangladesh
Duncan Brothers Limited (Incorporated in Bangladesh)	Bangladesh
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0% holding)	Kenya
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2% holding)	Malawi
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2% holding)	South Africa
Eastland Camellia Limited (Incorporated in Bangladesh – 93.8% holding)	Bangladesh
Goodricke Group Limited (Incorporated in India – 76.5% holding)	India
Eastern Produce Estates South Africa (Pty) Limited (Incorporated in South Africa – held by Easten Produce South Africa (Pty) Limited)	South Africa
Horizon Farms (An United States of America general partnership – 80% holding)	USA
Kakuzi Limited (Incorporated in Kenya – 50.7% holding)	Kenya
Koomber Tea Company Limited (Incorporated in India)	India
Octavius Steel & Company of Bangladesh Limited (Incorporated in Bangladesh)	Bangladesh
Robertson Bois Dickson Anderson Limited	UK
Stewart Holl (India) Limited (Incorporated in India – 92.0% holding)	India
Surmah Valley Tea Company Limited (Incorporated in Bangladesh)	Bangladesh
The Allynugger Tea Company Limited	Bangladesh
The Chandpore Tea Company Limited	Bangladesh
The Lungla (Sylhet) Tea Company Limited	Bangladesh
The Mazdehee Tea Company Limited	Bangladesh
Victoria Investments Limited (Incorporated in Malawi– 73.2% holding)	Malawi
Zetmac (Pty) Limited (Incorporated in South Africa – 55.8% held by Easten Produce Estates South Africa (Pty) Limited)	South Africa
Engineering	
Abbey Metal Finishing Company Limited	UK
AJT Engineering Limited	UK
AKD Engineering Limited	UK
Atfin GmbH (Incorporated in Germany – 51.0% holding)	Germany
British Metal Treatments Limited	UK
GU Cutting and Grinding Services Limited	UK
Unochrome Investments Limited (formerly Loddon Engineering Limited)	UK
Food Service	
Affish BV (Incorporated in Holland)	The Netherlands
Associated Cold Stores & Transport Limited	UK
Duncan Products Limited (Incorporated in Bangladesh)	Bangladesh
Wylax International BV (Incorporated in Holland)	The Netherlands
Banking and Financial Services	
DDY Nominees Limited	UK
Duncan Lawrie Limited	UK
Duncan Lawrie Asset Management Limited	UK
Duncan Lawrie Holdings Limited	UK
Duncan Lawrie International Holdings Limited (Incorporated in Isle of Man)	Isle of Man
Duncan Lawrie (IOM) Limited (Incorporated in Isle of Man)	Isle of Man
Duncan Lawrie Offshore Services Limited (Incorporated in Isle of Man)	Isle of Man
Dunlaw Nominees Limited	UK
Dunman Nominees Limited (Incorporated in Isle of Man)	Isle of Man
Havelock Nominees Limited (Incorporated in Isle of Man)	Isle of Man
Hobart Place Nominees Limited	UK
Mount Havelock Directors Limited (Incorporated in Isle of Man)	Isle of Man
Mount Havelock Investments Limited (Incorporated in Isle of Man)	Isle of Man
Mount Havelock Secretaries 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
Duncan Properties Limited (Incorporated in Bangladesh)	Bangladesh
Eastern Produce Investments Limited	UK
EP USA Inc. (Incorporated in the United States of America)	USA
EP California Inc. (Incorporated in the United States of America)	USA

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
Lintak Investments Limited (Incorporated in Kenya)	Kenya
Longbourne Holdings Limited	Bangladesh
Plantation House Investments Limited (Incorporated in Malawi – 50.2% held by subsidiaries)	Malawi
Shula Limited (Incorporated in Isle of Man)	Isle of Man
Unochrome Industries Limited	UK
Western Dooars Investments Limited	UK

Other

Linton Park Services Limited	UK
XiMo AG (Incorporated in Switzerland – 51.0% holding)	Switzerland

Dormant companies

ACS&T Gloucester Limited	UK
ACS&T Grimsby Limited	UK
ACS&T Humberside Limited	UK
ACS&T Seamer Limited	UK
ACS&T Tewkesbury Limited	UK
ACS&T Wolverhampton Limited	UK
Alex Lawrie & Company Limited	UK
Amgoorie Investments Limited	UK
Assam-Dooars Holdings Limited	UK
Associated Fisheries (Scotland) Limited	UK
Banbury Tea Warehouses Limited	UK
Blantyre & East Africa Limited	UK
Blantyre Insurance & General Agencies Limited (Incorporated in Malawi)	Malawi
Bonathaba Farms (Pty) Limited (Incorporated in South Africa)	South Africa
British African Tea Estates (Holdings) Limited	UK
British African Tea Estates Limited	UK
British Heat Treatments Limited	UK
British Indian Tea Company Limited	UK
British United Trawlers Limited	UK
BTS Chemicals Limited	UK
BUT Engineers (Fleetwood) Limited	UK
BUT Engineers (Grimsby) Limited	UK
Camellia Investments Limited	UK
Chisambo Holdings Limited	UK
Chisambo Tea Estate Limited	UK
Cholo Holdings Limited	UK
Craighead Investments Limited	UK
David Field Limited	UK
East African Tea Plantations Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya
Eastern Produce Africa Limited	UK
Eastern Produce Kakuzi Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya
EP (RBDA) Limited (Incorporated in Malawi – Eastern Produce Malawi Limited)	Malawi
Estate Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya
Feltham 1 Limited	UK
Feltham 2 Limited	UK
Fescol Limited	UK
G. F. Sleight & Sons Limited	UK
Goodricke Lawrie Consultants Limited	UK
Gotha Tea Estates Limited	UK
Granton Transport Limited	UK
Hamstead Village Investments Limited	UK
Hellyer Brothers Limited	UK
Horace Hickling & Co. Limited	UK
Hudson Brothers Trawlers Limited	UK
Humber Commercials Limited	UK
Humber St. Andrew's Engineering Company Limited	UK
Isa Bheel Tea Company Limited	UK
Jatel Plc	UK
Jetinga Holdings Limited	UK

Jetinga Valley Tea Company Limited	UK
Kaguru EPZ Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya
Kapsumbeiwa Factory Company Limited	UK
Kip Koimet Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya
Kumadzi Tea Estates Limited	UK
Lankapara Tea Company Limited	UK
Lawrie Bhutan Limited	UK
Lawrie Plantation Services Limited	UK
Leasing Investments Limited	UK
Nasonia Tea Company Limited (Incorporated in Malawi)	Malawi
North West Profiles Limited	UK
Octavius Steel & Company (London) Limited	UK
Robert Hudson Holdings Limited	UK
Rosehaugh (Africa) Limited	UK
Ruo Estates Limited	UK
Ruo Estates Holdings Limited	UK
Sandbach Export Limited	UK
Sapekoe Pusela (Pty) Limited (Incorporated in South Africa – held by Easten Produce South Africa (Pty) Limited)	South Africa
Silverthorne-Gillott Limited	UK
SIS Securities Limited	UK
Sterling Industrial Securities Limited	UK
Stewart Holl Investments Limited	UK
The Amgoorie Tea Estates Limited	UK
The Bagracote Tea Company, Limited	UK
The Ceylon Upcountry Tea Estates Limited	UK
The Dejoo Tea Company Limited	UK
The Dhoolie Tea Company Limited	UK
The Doolahat Tea Company Limited	UK
The Eastern Produce & Estates Company Limited	UK
The Endogram Tea Company Limited	UK
The Harmutty Tea Company Limited	UK
The Jhanzie Tea Association Limited	UK
The Kapsumbeiwa Tea Company Limited	UK
The Longai Valley Tea Company Limited	UK
The Tyspane Tea Company Limited	UK
Thyolo Highlands Tea Estates Limited	UK
Vaghamon (Travancore) Tea Company Limited	UK
Walter Duncan & Goodricke Limited	UK
WDG Properties Limited	UK
Western Dooars Tea Holdings Limited	UK

Summarised financial information on subsidiaries with material non-controlling interests

Summarised balance sheet

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Current				
Assets	24,074	*17,573*	7,075	*9,333*
Liabilities	(18,516)	*(9,802)*	(8,963)	*(12,811)*
Total current net assets/(liabilities)	5,558	*7,771*	(1,888)	*(3,478)*
Non-current				
Assets	24,075	*25,108*	53,069	*52,158*
Liabilities	(6,152)	*(6,861)*	(15,932)	*(14,756)*
Total non-current net assets	17,923	*18,247*	37,137	*37,402*
Net assets	23,481	*26,018*	35,249	*33,924*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2015	*2014*	2015	*2014*

	2015 £'000	*2014 £'000*	2015 £'000	*2014 £'000*
Current				
Assets	4,562	*3,682*	30,181	*28,589*
Liabilities	(1,135)	*(643)*	(16,866)	*(14,463)*
Total current net assets	3,427	*3,039*	13,315	*14,126*
Non-current				
Assets	4,829	*5,371*	24,258	*23,627*
Liabilities	(1,251)	*(1,345)*	(6,316)	*(6,787)*
Total non-current net assets	3,578	*4,026*	17,942	*16,840*
Net assets	7,005	*7,065*	31,257	*30,966*

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Current				
Assets	2,531	*2,633*	10,027	*8,256*
Liabilities	(647)	*(318)*	(2,500)	*(1,316)*
Total current net assets	1,884	*2,315*	7,527	*6,940*
Non-current				
Assets	9,262	*8,536*	20,155	*19,095*
Liabilities	(875)	*(829)*	(4,912)	*(4,924)*
Total non-current net assets	8,387	*7,707*	15,243	*14,171*
Net assets	10,271	*10,022*	22,770	*21,111*

Summarised income statement

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Revenue	39,280	*27,783*	15,538	*18,113*
Profit before tax	13,227	*4,936*	21,037	*10,858*
Taxation	(4,008)	*(1,537)*	(7,267)	*(3,279)*
Other comprehensive income/(expense)	25	*(127)*	–	*–*
Total comprehensive income	9,244	*3,272*	13,770	*7,579*
Total comprehensive income allocated to non-controlling interests	2,773	*982*	3,690	*2,031*
Dividends paid to non-controlling interests	3,026	*2,686*	597	*698*

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Revenue	4,866	*4,448*	67,461	*59,569*
Profit before tax	2,478	*975*	2,241	*5,157*
Taxation	(748)	*(306)*	(1,059)	*(1,509)*
Other comprehensive expense	–	*–*	(118)	*(1,206)*
Total comprehensive income	1,730	*669*	1,064	*2,442*
Total comprehensive income allocated to non-controlling interests	511	*179*	241	*782*
Dividends paid to non-controlling interests	68	*–*	224	*211*

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2015	*2014*	2015	*2014*
	£'000	*£'000*	£'000	*£'000*
Revenue	4,052	*5,101*	14,726	*10,101*
Profit before tax	1,620	*3,246*	5,105	*1,607*
Taxation	(616)	*(1,243)*	(1,581)	*(501)*
Other comprehensive income/(expense)	–	–	33	*(41)*
Total comprehensive income	1,004	*2,003*	3,557	*1,065*
Total comprehensive income allocated to non-controlling interests	201	*401*	1,754	*525*
Dividends paid to non-controlling interests	262	–	242	*250*

Summarised cash flows

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December		Eastern Produce South Africa Limited for year ended 31 December	
	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Cash flows from operating activities						
Cash generated from operations	16,421	4,272	3,489	4,602	854	9
Net interest received	1,284	831	(284)	815	72	64
Income tax paid	(1,847)	(1,462)	(1,289)	(1,335)	(233)	–
Net cash generated from operating activities	15,858	3,641	1,916	4,082	693	73
Net cash used in investing activities	(945)	(856)	(581)	(1,655)	(288)	(461)
Net cash used in financing activities	(10,085)	(8,954)	(2,229)	(2,605)	(45)	13
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	4,828	(6,169)	(894)	(178)	360	(375)
Cash, cash equivalents and bank overdrafts at beginning of year	10,291	16,194	(282)	(113)	1,764	2,221
Exchange (losses)/gains on cash and cash equivalents	(236)	266	272	9	(426)	(82)
Cash, cash equivalents and bank overdrafts at end of year	14,883	10,291	(904)	(282)	1,698	1,764

	Goodricke Group Limited for year ended 31 December		Horizon Farms for year ended 31 December		Kakuzi Limited for year ended 31 December	
	2015	2014	2015	2014	2015	2014
	£'000	£'00	£'000	£'00	£'00	£'000
Cash flows from operating activities						
Cash generated from operations	4,267	3,929	3,312	1,939	5,788	3,196
Net interest received	–	–	–	–	509	585
Income tax paid	(855)	(1,659)	(307)	(1,243)	(536)	(326)
Net cash generated from operating activities	3,412	2,270	3,005	696	5,761	3,455
Net cash used in investing activities	(1,359)	(1,511)	(403)	(856)	(3,997)	(2,419)
Net cash used in financing activities	(1,255)	(1,269)	(1,309)	–	(491)	(507)
Net increase in cash and cash equivalents and bank overdrafts	798	(510)	1,293	(160)	1,273	529
Cash, cash equivalents and bank overdrafts at beginning of year	(168)	341	898	1,005	6,896	6,330
Exchange gains/(losses) on cash and cash equivalents	2	1	96	53	(388)	37

Cash, cash equivalents and bank overdrafts at end of year	632	(168)	2,287	898	7,781	6,896

Associated undertakings

The principal associated undertakings of the group at 31 December 2015 were:

	Principal country of operation	Accounting date 2015	Group interest in equity capital per cent.
Insurance and banking			
BF&M Limited (Incorporated in Bermuda - common stock)	Bermuda	31 December	36.1
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	37.0
United Finance Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	31 December	38.4

41 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.

Report of the independent auditors

Independent auditors' report to the members of Camellia Plc

Report on the financial statements

Our opinion
In our opinion:

- Camellia Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 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 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.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the Consolidated and Company balance sheet as at 31 December 2015;
- the Consolidated income statement and Statement of comprehensive income for the year then ended;
- the Consolidated and Company cash flow statement for the year then ended;
- the Group and Company Statements of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union, and applicable law, 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.

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 29, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland) ("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.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK and 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.

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

27 April 2016

Five year record

	2015	*2014*	*2013*	*2012*	*2011*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Revenue – continuing operations	257,800	*238,868*	*251,267*	*261,529*	*246,849*
Profit before tax	40,524	*21,983*	*59,648*	*69,710*	*58,650*
Taxation	(18,590)	*(13,673)*	*(22,105)*	*(25,662)*	*(16,860)*
Profit from continuing operations	21,934	*8,310*	*37,543*	*44,048*	*41,790*
Profit attributable to owners of the parent	12,449	*2,836*	*28,297*	*31,210*	*33,086*
Equity dividends paid	3,480	*3,452*	*3,388*	*3,224*	*3,057*
Equity					
Called up share capital	282	*282*	*283*	*284*	*284*
Reserves	330,148	*321,422*	*332,183*	*313,526*	*321,308*
Total shareholders' funds	330,430	*321,704*	*332,466*	*313,810*	*321,592*
Earnings per share	450.7p	*102.7p*	*102.2p*	*1,122.9p*	*1,190.4p*
Dividend paid per share	126p	*125p*	*122p*	*116p*	*110p*