CAMELLIA PLC

Camellia Plc Annual Report 2021

2021

134

CAMELLIA PLC

REPORT AND ACCOUNTS 2021

CONTENTS

page

CAMELLIA AT A GLANCE

We are an international Group – a global family of companies focussed on agriculture across the world. Headquartered in the UK we are passionate about our produce, our communities and sustainable agriculture worldwide.

We grow healthy life-enhancing products for a world hungry for ethically produced natural food.

Our purpose

We are committed to doing the right thing: ethically and commercially, globally and locally.

We invest for the long-term:

- Delivering performance for investors – but not at the expense of sustainability long-term
- Treating our customers and suppliers fairly
- Acting as a custodian of our agricultural resources
- Being a responsible and forward-thinking employer
- Behaving as a good citizen in the countries in which we operate

Sustainability

Our businesses can and should grow with respect and care for the environment and the communities in which we operate rather than at a cost to them. We invest in innovative technology and cutting-edge agricultural practices to ensure that these environments and communities are protected and enhanced.

Innovation

Research into, and development of, agricultural techniques and technology allows us to continually improve efficiency and sustainability within our operations. Innovation is not only a driving force for improved profitability but also a powerful tool to reduce our environmental impact and benefit our communities.

Long–termism

We see ourselves as custodians, holding our business in trust for future generations. We have a responsibility to ensure the growth and continuity of all our businesses.

Economic contribution

Each of our operations plays a significant role in its local economy, infrastructure and community. Our contribution includes employee wages and benefits, smallholder crop procurement, training in agronomic practices, contracting local service providers, capital investment, taxes, community projects and exports.

CAMELLIA PLC

CAMELLIA AT A GLANCE

Our business is made up as follows:

Agriculture

2021: Revenue – £238.8 million, adjusted trading profit* £13.1 million, trading profit £13.2 million

Tea	*Locations*	*Mature Area Ha*	*Immature Area Ha*
Production & Manufacturing	India, Bangladesh, Kenya, Malawi	34,097	2,485
Instant Tea, Branded Tea & Tea Rooms	India, UK		
Nuts & fruits			
Macadamia	Kenya, Malawi, South Africa	2,906	786
Avocado	Kenya, Tanzania	623	377
Apple, Pear, Blueberry, Plum, Cherry, Apricot, Grapes	UK, Kenya, South Africa	798	103
Other agriculture			
Forestry	Kenya, Malawi, Brazil	1,981	2,685
Arable	Brazil	3,888	–
Rubber	Bangladesh	1,822	153
Livestock	Kenya		4,332 head

Other investments

Food Service and Engineering

2021: Revenue – £37.3 million, adjusted trading loss* £2.3 million, trading loss £2.3 million

	Locations
AJT Engineering	UK
ACS&T	UK

Investments	*Locations*	*Market value at 31/12/2021 £'m*
Investment Portfolio	Global	40.2
Investment Property	UK, Malawi, Brazil	34.4
Collections	UK, India	8.7**

Associates

2021: Share of results after taxation – £7.2 million

	Locations	*Holding %*	*Market value at 31/12/2021 £'m*
BF&M (Life & Non-life insurance)	Bermuda	37.4	57.7
United Finance (Banking)	Bangladesh	38.4	13.0
United Insurance (Non-life insurance)	Bangladesh	37.0	9.3

* Figures quoted above are extracted from note 1 to the Accounts

** Collections are stated at cost

CAMELLIA PLC

DIRECTORS AND ADVISERS

Directors	Malcolm Perkins	*Chairman (iii) (iv)*
	Tom Franks	*Chief Executive*
	Graham Mclean	*Director of Agriculture*
	Susan Walker	*Chief Financial Officer*
	Stephen Buckland*	*Non-executive Director (i)*
	Gautam Dalal	*Independent non-executive Director (i)*
	William Gibson	*Senior independent non-executive Director** (i) (ii) (iii) (iv)*
	Simon Turner	*Non-executive Director (ii) (iii)*
	Frédéric Vuilleumier	*Independent non-executive Director*
	Chris Relleen***	*Senior independent non-executive Director*
	Jonathan Bond****	*Independent non-executive Director (iv)*
	Rachel English*****	*Independent non-executive Director*

(i) Audit committee
(ii) Remuneration committee
(iii) Nomination committee
(iv) Safeguarding and Stewardship committee
*From 1 November 2021
**From 11 August 2021
***Until 5 August 2021
****Until 3 June 2021
*****From 6 May 2022

Group General Counsel & Company Secretary	Amarpal Takk *(iv)*
Registered office	Linton Park Linton Maidstone Kent ME17 4AB
Registered Number	00029559
Nominated adviser and broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF
Registrars	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
Independent auditors	Deloitte LLP Statutory Auditors 1 New Street Square London EC4A 3HQ
PR	Maitland/AMO The HKX Building 3 Pancras Square London N1C 4AG
Website	www.camellia.plc.uk

CHAIRMAN'S STATEMENT

2021 has been another challenging year for all our staff and the communities in which we operate as they have continued to work through the pandemic and the on-going impact it has had on operations globally. We have seen inspiring collaboration with local governments and communities as they have pulled together to deal with the consequences of the pandemic.

The results for 2021 reflect a profit before tax of £7.1 million after a number of one off items with an aggregate net cost of £1.7 million (2020: profit before tax of £7.8 million after one off net costs of £8.2 million). Profits were also impacted by the important long-term strategic changes made in the last two financial years to the Agriculture portfolio.

Strategy

Despite the unprecedented challenges, the resilience and commitment of our people has enabled us to continue to focus on our strategy of expansion in areas of expertise, while divesting non-core businesses. We noted in our 2021 Interim Report that the Board was undertaking a series of measures aimed at re-balancing the Group's portfolio of investments in order to take better advantage of its strengths, and thereby improve profitability and share price performance. Significant steps have been taken to diversify our interests in agriculture where we have scale and expertise, and sell those businesses where we have fewer long-term strategic advantages.

Further details are provided in the Operational report.

Dividend

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

Outlook

With significant uptake of vaccines, there are signs of the world returning to normality, but we do not believe that normal trading conditions will emerge until 2023 at the earliest, and may be further delayed by the disastrous war in Ukraine.

The substantial rise in energy prices will continue to affect our global supply chain, with an increase in the cost of shipping affecting us and our customers alike. Linked to the increasing price of natural gas, fertiliser prices have increased substantially with the impact being felt in the cost of production across all our agricultural operations. Furthermore, rising inflation will to lead to further increases in wages.

On a more positive note, the year has started well for our agricultural operations with good prices being achieved in the Kenya tea market and a strong opening for India and Bangladesh, albeit it is very early in the season. The remaining crops are developing in line with what we would expect at this stage in the growing cycle.

Directors

We were deeply saddened by the passing of Chris Relleen, Senior independent non-executive Director, in August 2021. We shall all remember Chris' contribution to the Board and miss his wise counsel, humility and humour.

I am delighted to welcome our new non-executive Directors, Rachel English and Stephen Buckland. Rachel English, a chartered accountant, has extensive international and general management experience, having founded and served on the board of several significant businesses. She has a particular focus on ESG matters. Stephen Buckland is a trustee of The Sir Percival Griffiths' Tea Planters Trust and also The Camellia Foundation, a UK charity whose primary donor of the same name is the ultimate majority shareholder of Camellia Plc. Stephen previously held positions within the Camellia Group's agricultural and banking businesses.

CHAIRMAN'S STATEMENT

As announced previously, Tom Franks, having substantially achieved the objective of focusing the Group's investments into the core activities of agriculture and food and beverage distribution, has indicated his wish not to stand for re-election at the forthcoming Annual General Meeting in June. I would like to thank Tom for his contribution to the business through a challenging few years and we wish him well for the future. The Board is initiating a search process to identify a new CEO.

In addition, and as previously announced, two of our independent non-executive Directors, William Gibson and Gautam Dalal, have also indicated that they will not be standing for re-election at the forthcoming Annual General Meeting. I would like to thank both of them for their contributions to the business. Further appointments of new non-executive Directors to the Board will be announced in due course.

Staff

I am grateful to our staff around the world for their continued hard work and dedication in challenging circumstances, and for the progress we have made together.

Malcolm Perkins
Chairman

30 May 2022

OPERATIONAL REPORT

Overview

2021 was a challenging year, with the COVID pandemic continuing to impact trading. Poor weather conditions in India and lower production in Kenya resulted in lower bought leaf volumes which contributed to Group tea production being slightly lower than in 2020. Avocado revenues significantly reduced due to lower volumes and prices. These falls were in part offset by revenues generated by Bardsley England, which was acquired during the year but which saw volumes impacted by the late frost earlier in the season. Revenue for 2020 included the results for Horizon Farm, which was sold during that year. Profits were impacted by these important strategic changes to the Agriculture portfolio.

Strategic matters

As previously announced, the Group continues to focus on its strategy to expand the Agriculture division continuing the further diversification of crop and location, and on disposing of non-core assets.

Acquisitions and divestments

At the end of July 2021 the Group acquired an 80% controlling stake in Bardsley England with the remaining 20% stake purchased in November. The Group's expertise in managing large scale bearer crops and its existing relationships with Bardsley England's customer base and other major UK retailers will provide synergies. The acquisition provides a larger Group footprint in the UK, which will in time reduce our effective corporation tax rate. The market for UK apples has good potential to grow significantly due to increasing demand for local produce and a resulting reduction in apple imports.

In line with the Group's strategy to focus on agriculture, the Group sold its interests in Abbey Metal Finishing Company Limited in August 2021 and its subsidiary Atfin GmbH in Germany in July 2021. In late December 2021, the BMT division of AJT Engineering was sold to its management. Part of the Camellia Collection was sold at auction in the early part of 2022 with further items due to be sold later in the year.

Ukraine

We have all been deeply disturbed by the reports coming out of Ukraine, and I am pleased to say that our Bardsley England operation in Kent has successfully accommodated a number of refugees and provided employment.

The war is impacting the Group in a number of ways of which the following are the most significant at this stage:

- The price of energy has risen significantly since before the start of the war and continues to rise. This is impacting directly on fuel and heating costs, and indirectly on the costs of other inputs, such as fertiliser, which rely on natural gas as a raw material.
- Shipping routes and supply chains which were already chaotic following the pandemic have been thrown into further disarray with both shipping times and costs rising dramatically.
- For the last few years Russia has been the world's third largest importer of tea. Whilst there does not appear to have been any impact on tea prices at this stage it remains early in the season for India and the impact that sanctions will have on the market remains uncertain.

COVID

Whilst our businesses were able to keep trading throughout the pandemic, they were all affected to some extent, whether through lockdowns and absences interrupting operations, or market disruption. The Group's operations continued to protect employees and communities, whilst taking account of a wide variation in national and cultural responses to the pandemic. All our operations have continued to work closely with local governments, communities and the Group's clients in their response to the COVID pandemic.

Human Rights

As a consequence of the allegations faced by the Group in 2020/21 which have now been finalised, we have further enhanced our Human Rights commitment including greater governance, reporting and training and we have established significant measures around employee and community welfare. Current information on these measures can be found on the Camellia Plc website.

Brexit

Extensive preparations were undertaken ahead of Brexit to mitigate the impact on our UK businesses in 2021 and although the supply to the EU of our Jing branded tea was affected, we did not experience any material effect on our trading operations as a whole.

Performance

Agriculture

In total, Agriculture made a trading profit of £13.2 million (2020: £nil) on revenue of £238.8 million (2020: £249.6 million), as set out in note 1 to the Accounts. The release of provisions for wage agreements offset by the restructuring costs for Bardsley England amounted to a net gain of £0.1 million (2020: £nil). Our 2020 results were also impacted by a number of one off items, the largest of which were costs of £16.1 million in respect of legal and other costs associated with the allegations arising from the actions of certain of our African operations.

Agriculture's adjusted trading profit* was £13.1 million (2020: £16.1 million).

Tea

	Tea estate production & manufacturing		*Instant tea, branded tea & tea rooms*	
	2021	*2020*	*2021*	*2020*
	£'m	*£'m*	*£'m*	*£'m*
Revenue	161.5	*163.9*	34.7	*37.0*
Adjusted trading profit/(loss)*	10.7	*7.1*	(0.5)	*(1.4)*
Trading profit/(loss)	11.3	*(5.5)*	(0.5)	*(1.4)*

* See note 1 to the Accounts

Estate production & manufacturing

Group tea production in 2021 was 99.1mkg, marginally down on 2020 levels (2020: 99.5mkg) due to lower bought leaf volumes in India. However, we achieved record production in Bangladesh where the impact of our investment in irrigation and replanting provided positive returns. Kenya and Malawi experienced high crops, both nationally and at the Group's operations.

	Mature area Ha	*Immature area Ha*	*2021 Volume mkg*	*2020 Volume mkg*
India	16,400	1,125	26.1	*26.1*
Bangladesh	8,591	683	14.4	*12.5*
Kenya	3,891	267	14.9	*15.8*
Malawi	5,215	410	20.0	*16.8*
Total own estates	34,097	2,485	75.4	*71.2*
Bought leaf production			19.2	*23.5*
Managed client production			4.5	*4.8*
Total made tea production			99.1	*99.5*

Pricing and operations

Tea pricing for most operations was above that of last year, with our estates being rewarded for concentrating their efforts on the production of high quality teas. Total sales volumes were lower.

Shipping logistics have been a challenge throughout the year with many delivery delays experienced by customers. With volatile trading conditions persisting into 2022, shipping logistics will take some considerable time to settle, particularly with the recent flooding impact at Durban Port in South Africa in April 2022.

India

Our estate crop for 2021 was on par with last year. The impact of continued poor and varied weather meant that our crop did not recover to 2019 levels.

Our net selling prices firmed significantly for both Dooars and Assam CTC teas from demand in the internal packet tea market, up over 10% against the prior year. Darjeeling prices were up on prior year by 11%, due to good quality and improved first flush volumes. 2022 has seen the last of the limited tea stocks left over from 2021 sold and the first auction of the new season opened in March 2022 with strong pricing. The market has remained firm for the early part of the new season and going forward pricing will be determined by regional production volumes and demand.

The Assam Orthodox (rolled leaf tea) market, however, was down 3% on prior year as it continued to be impacted by ongoing political and economic volatility in Iran which subdued demand and kept prices relatively flat.

North India market pricing overall has remained strong due to limited supply and is supported by 100% import tariffs. North India export volumes were down c.9%, with prices in the export market remaining under pressure with reduced sales of Orthodox tea.

State elections were held in Assam and West Bengal in March 2021, with no change to the incumbent Governments in each State. Wage negotiations were concluded in both States resulting in 22% and 15% increases in Assam and West Bengal respectively.

Investment in replanting continued with 167Ha of planting completed (2020: 164Ha) and a further 120Ha uprooted in preparation for future planting.

Bangladesh

Despite a slow, dry start to the season, Bangladesh reported a record crop up 15% on the prior year. The impact of several years of investment in replanting and irrigation contributed to our improved yields.

Our average net selling price remained strong through the season, up 20% on prior year, with limited COVID restrictions allowing local demand to flourish whilst being supported by very low volumes of imports.

National production achieved record levels at 12% up on prior year, principally as a result of a 40% increase in bought leaf volumes. The continued rapid escalation of the bought leaf sector volumes, if left unchecked, presents challenges to the market with a risk that potential oversupply results in downward pressure on pricing.

2022 has seen prices remain under pressure for prior season teas due to the high volumes of inventory carried forward. The market for new season teas has started firm and is expected to remain relatively stable as stocks are now depleted and the new season production has yet to gain momentum. Pricing thereafter will be driven by the level of production over the summer months.

Wage negotiations for 2021/2022 are ongoing between the Bangladesh Tea Association and the Trade Unions and are due to be settled imminently. Provisions have been made for expected increases relating to 2021.

Having reduced replanting in 2020 to concentrate on infilling young tea areas, the total area planted in 2021 was increased to 143Ha (2020: 105Ha), of which 131Ha was replanting and 12Ha was newly planted areas.

OPERATIONAL REPORT

Kenya

Our Kenyan estates produced their second highest ever crop in 2021, albeit down 8% on the previous year. The national crop was also the second highest on record.

As a part of many ongoing initiatives to address structural issues within the tea industry in Kenya, the Government in July implemented a reserve pricing mechanism for The Kenya Tea Development Agency ("KTDA") teas which make up over c.66% of the national production. This intervention has had a positive impact on prices for higher quality teas within the Kenyan market, including those produced by the Group. The "all average price" at Mombasa auction was 3% up on 2020, driven principally by improved quality teas. Export levels were c.9% up on 2020 with strong demand from Pakistan, Egypt, Russia, UAE and Sudan. Low retail pricing and increased competition from other beverages in western markets continues to be a challenge for the industry.

Our average selling price in 2021 was up on prior year by 6%. We have continued to outperform our commercial grower competitors in the district with a price differential of 16%, by concentrating on quality. In 2022 our prices continued to firm initially but then weakened towards the end of the first quarter with predictions of a normal long rains season. In aggregate, our average selling prices in the five months to the end of May 2022 were significantly higher than the same period of 2021 though the benefit of this has been partially offset by lower production volumes. Pricing levels looking forward will depend on production volumes and the impact of the reserve pricing policy for KTDA teas.

Wage rates increased by 7% for 2020 and 2021 and negotiations are ongoing for 2022 and 2023.

We replanted a total of 50Ha (2020: 47Ha) whilst uprooting 52Ha for replanting in 2022.

Malawi

Our Malawi crop in 2021 was the second highest on record, up 15% on 2020, with strong cropping throughout the year and good out of season rains at the mid-year point.

Fertiliser prices in 2021 increased by 45%. The impact of this on the cost of production was mitigated by careful management of usage.

Malawi prices remained under pressure for much of the year with teas from the plainer West of Rift Kenyan's still proving a value substitute to buyers. Our average selling price was 3% down on 2020 due to the lag effect of prices responding to an improving Kenyan market. The auction was temporarily suspended in the early part of 2021 due to the previously reported lack of clarity around interpretation of VAT rules on local sales for export.

Global logistics issues, including a lack of containers and delayed shipping times, has resulted in deliveries taking much longer to reach customers.

While selling prices in 2022 in Malawi have firmed, they are below those of the same period of 2021. The market is expected to be volatile for a period due to uncertainty relating to logistics and will also be influenced by the general direction of the Kenya market. Our production volumes in Malawi for the year so far are in line with that of last year.

A minimum wage was implemented for the tea industry in Malawi in January 2021. Negotiations are ongoing with the union, with further increases expected from August 2022.

On 26 May 2022, the Reserve Bank of Malawi announced that it will stop supporting the currency and allow the exchange rate to reflect market fundamentals. This is expected to result in a devaluation of the Kwacha of c.25%.

There was no replanting in Malawi for a second successive year, a decision taken to conserve resources in light of difficult trading conditions.

Instant tea, branded tea & tea rooms

India

Sales volumes of our packet tea in India fell by 14%, whilst net prices increased by 11%. Despite increasing demand for tea, packet sales have come under pressure due to fierce competition in the branded market. However, the packet tea operation has continued to innovate with new product development and the release of new product lines in Ready to Drink, fortified (health) teas and premium tea bags.

Instant tea production in 2021 was up marginally on the previous year. Sales volumes and average prices however were both down 10% due to lower demand from a key customer, leading to a lower contribution from the operation.

Due to COVID lockdowns, our tea lounges and kiosks were closed periodically during 2021. These outlets continue to be developed as part of the India marketing and value addition strategy.

UK

Trading improved for Jing Tea as COVID restrictions were eased in many of its markets, but revenue remained below pre-pandemic levels. Supplies into the EU have also been impacted by Brexit with the business contracting for EU warehousing space during the year to alleviate import complexities. Jing launched its Ready to Drink Jasmine Pearls Sparkling Tea in 2021, which has gained initial positive traction in the market.

Nuts & fruits

	Macadamia		Avocado		Other fruits	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Revenue	10.8	*13.0*	11.1	*16.8*	9.3	*8.7*
Adjusted trading profit/(loss)*	2.7	*1.0*	(0.5)	*3.9*	(4.1)	*2.9*
Trading profit/(loss)	2.7	*(0.1)*	(0.5)	*1.9*	(4.6)	*2.9*

* See note 1 to the Accounts

Macadamia

	Mature Area Ha	Immature Area Ha	2021 Tonnes	2020 Tonnes
Malawi	1,388	125	438	*403*
South Africa	751	396	375	*196*
Kenya	767	265	492	*455*
Total	2,906	786	1,305	*1,054*

The Group's production volumes increased 24% on 2020 due to improved weather in South Africa, and an increased crop in Kenya with further areas of maturing orchard coming into bearing and increasing maturity of existing orchards.

Overall, our average net selling price was down 16% on 2020, which was in part due to the large volume of nuts of industrial grade from the Group's Malawian operation. Sales volumes were up 60% on 2020. Profits benefitted from the efficiencies generated by higher production and favourable sales mix.

Harvesting of the 2022 crop is underway and the indications are that volumes will be ahead of 2021 levels.

Global production volumes were up on prior year with the two major producers, Australia and South Africa up 10% and 11% respectively. Higher carryover stocks from Australia and Kenya are anticipated in 2022 with downward pressure on prices, particularly on grades for the ingredients market.

The Nut in Shell market in China was over supplied and prices declined mid-year leading to surplus kernel supply, particularly for the ingredients grades which further suppressed the market.

The global macadamia kernel market remains under pressure due to the ongoing impact of COVID on certain market segments. In the USA, import levels were similar to 2020 but remain approximately 30% below 2018/19 levels.

Avocado

	Mature Area Ha	*Immature Area Ha*	*2021 mkg*	*2020 mkg*
Kenya – Estate Hass	560	257	7.5	*10.1*
Kenya – Estate Pinkerton	63	70	1.0	*0.8*
Tanzania – Estate Hass	–	50	–	*–*
Total own estate production	623	377	8.5	*10.9*
Smallholder and outgrowers			0.6	*1.1*

Our own Avocado production was down 22% on last year, due in large part to the biannual nature of the production and this also impacted the volumes packed for smallholders and outgrowers. Our pricing was down 9% on last year, due to high volumes in the market from Peru and Colombia during a critical sales window. Unfortunately, due to the lower volumes the season could not be extended to take advantage of improved pricing at the end of Q3.

The Pinkerton harvest is well advanced with volumes ahead of 2021, however we expect prices to be lower. The Hass season has now started with volumes expected to be significantly ahead of 2021 reflecting the fact that it is an 'on year' for Hass.

We continue to strengthen our avocado growth strategy by diversifying our origin portfolio, with further plantings in Tanzania and Kenya. We planted 37Ha (2020: 13Ha) at our new farm in Tanzania and a further 44Ha (2020: 85Ha) in Kenya. In 2022 to date 96Ha have been planted in Tanzania. At Beja farm in South Africa 80Ha has been prepared to be planted in 2022, of which 38Ha has already been planted.

Other fruits

	Mature Area Ha	*Immature Area Ha*	*2021 Tonnes*	*2020 Tonnes*
Apples – own estate	404	61	11,845	*n/a*
Apples – partner growers			1,428	*n/a*
Pears – own estate	96	2	1,395	*n/a*
Pears – partner growers			266	*n/a*
Cherries	20	–	106	*n/a*
Grapes	71	18	644	*594*
Blueberries	10	–	42	*13*
Other	197	22		

Apples & Pears

Bardsley England was acquired at the end of July and we have taken significant steps to improve costs and profitability including closing one of its two packhouses and streamlining its administrative operations. The benefit of these will be seen in 2022. The orchards were severely affected in April 2021 by frost resulting in a lower than expected level of apple production. Partner grower crops were also similarly adversely affected.

The last of the 2021 season stock is being sold at prices in line with our expectations. It is too early to predict the crop profile for 2022.

Grapes
Grape production at our South African operation was up 8% on 2020. The grapes were high quality and were sold to local commercial-scale winemakers. The 2022 harvest in South Africa has resulted in a record production, well ahead of expectation.

Blueberries
2021 was the second year of full production of our 10Ha trial in Kenya, with production rising steadily, although it is still below where we would like it to be. The majority of the crop was sold locally at good prices.

Indications from the trial are that the variety planted does not perform optimally in Kenyan conditions and that other varieties will have to be considered. There are already other varieties being trialled in small areas and at least one of these is showing much greater potential than the current dominant variety planted. The reason for establishing a trial was to test plant establishment, agronomy practices and varieties and this is being achieved very successfully, particularly on the initial two objectives. The results indicate further work is required on optimal variety selection, which will continue to be the focus going forward.

Other agriculture

2021: Revenue – £11.4 million (2020: £10.2 million), trading profit £4.8 million (2020: £2.2 million)

	Mature Area Ha	*Immature Area Ha*	*2021 Tonnes*	*2020 Tonnes*
Arable	3,888	–	34,769	*34,979*
Rubber	1,822	153	690	*659*
			m^3	*m^3*
Forestry	1,981	2,685	46,079	*116,672*
Livestock			799 Births	*956 Births*

Arable
Despite some challenging weather, we were overall very pleased with our soya, maize and sorghum crop production results. Prices for our soya crop were 60% higher than the prior year and our sorghum prices more than doubled, reflecting global markets. This led to substantially increased profits for our operation in Brazil.

Rubber
Production was up 5%, with pricing up 39% on last year, due to increased demand from manufacturing sectors and also an increased price for petroleum-based synthetic rubber products. However, prices remain lower than the cost of production.

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

Our Brazil operations had no eucalyptus timber sales during the year but expects to restart these in 2022. Pine timber sales were more than double the previous year and resin sales continued throughout the year, both providing a useful contribution to profits.

Livestock
Births were down significantly on last year, however, revenues were up on last year as COVID restrictions were eased.

Goat production was introduced at Kakuzi during the year. It is anticipated that the herd will provide a diversified source of revenue to complement beef sales.

Other investments

Engineering – AJT Engineering, Abbey Metal Finishing and Atfin

A trading loss of £2.3 million (2020: £1.5 million loss) on revenue of £15.3 million (2020: £19.3 million) was recorded across this group of companies, as set out in note 1 to the Accounts.

AJT Engineering has continued to experience lower activity from the oil and gas sector, but its site services division has seen an increase in trading as COVID related restrictions were lifted and access to client sites was restored.

In line with our strategy, the Group sold its interests in Abbey Metal Finishing Company Limited and its subsidiary Atfin GmbH in Germany during the year.

AJT Engineering's BMT division was sold to its management in December 2021.

Food Service – ACS&T

ACS&T broke even in the year (2020: £0.5 million trading profit) on revenue of £22.0 million (2020: £21.2 million).

ACS&T's trading was challenging as a result of the impact of the COVID pandemic on the UK food service sector. The national LGV driver shortage in the UK has also affected margins in its transport division, though volumes have increased. 2022 has started much stronger following the lifting of COVID restrictions.

Associates

2021 Share of results: £7.2 million

BF&M

BF&M made a substantial contribution to our performance in 2021 recording net income up 19% at Bermudian $25.7 million (2020: Bermudian $21.6 million) due to a 15% uplift in gross premiums written in the period compared to the prior year. This was driven by increased property and group health premiums and new business. Short term claims and adjustment expenses increased by 53% to Bermudian $14.8 million while life and health policy benefits decreased by 24% to Bermudian $77.5 million.

United Finance and United Insurance

Our two associate companies in Bangladesh, United Insurance and United Finance, produced lower results reflecting more challenging economic conditions in Bangladesh due to the COVID pandemic.

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

While United Finance's net operating income was 6% higher than that of the prior year due to an increase in the number of new loans sanctioned and lower borrowing costs, margins were impacted due to the effect of inflation on the overhead base.

Investment portfolio

The total value of the portfolio at 31 December 2021 was £40.2 million (2020: £50.6 million). During the year a net £12.4 million was realised from the investment portfolio in part to fund the acquisition and refinancing of Bardsley England.

Investment property

Work continues on the development of the Linton Park estate. The development of two properties into three residential units started in May 2021 and these are due for completion by mid-2022. Following refurbishment in 2020, a further investment property in central London was let during the year.

Renovation work commenced at Wrotham Place during the year to convert it to residential use.

In terms of the Group's London property portfolio, the decision was made during the year to close the Group's offices at 1 Hobart Place. A residential property in central London was sold in February 2022. Both these properties were categorised as "held for sale" at 31 December 2021.

Collections

Part of the art and manuscript collection with a net book value of £2.7 million was classified as held for sale on the Group's balance sheet at the end of 2021, and is scheduled for sale during 2022. To date, a portion of this has been sold realising proceeds of £3.0 million and generating a gain on sale of £1.0 million which will be reflected in our 2022 results.

Tom Franks
Chief Executive

30 May 2022

FINANCIAL REPORT

Overview of results

Revenue for the Group fell to £277.2 million from £291.2 million in 2020. This reflected the 4% reduction in revenue in Agriculture to £238.8 million (2020: £249.6 million) as a result of lower tea crops, reduced packet tea sales volumes at improved prices in India, and reduced production volumes and prices of avocado, offset in part by the revenues of Bardsley England acquired part way through the year. 2020 revenue also reflected the results of Horizon Farms which was sold during that year. Revenue at ACS&T improved in the year despite the challenges presented by COVID lockdowns. Revenue from Engineering was down reflecting the sales of Abbey Metal Finishing and Atfin.

Adjusted profit before tax was £8.8 million (2020: £16.0 million). Adjusted profit before tax is before net costs of £1.7 million relating to a number of large separately disclosed items, further details of which are set out in note 4 to the Accounts and below. (2020: separately disclosed net loss of £8.2 million also relating to a number of large separately disclosed items).

Profit before tax in 2021 was £7.1 million (2020: £7.8 million). This decrease in profit before tax reflects, inter alia, the effect of the lower profits from tea and avocado and the impact of the Bardsley England acquisition offset in part by improved profits from tea and at BF&M. The 2020 results included profits for Horizon Farms of £4.5 million which was sold during 2020 due to concerns about the severe climate risks in California. In addition 2021 profit before tax reflects a number of separately disclosed items:

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

The profit after tax for the year ended 31 December 2021 was £4.5 million (2020: Loss after tax £0.8 million).

In addition, our financial assets recorded at fair value through other comprehensive income (part of the investment portfolio) recorded a post tax gain of £1.8 million which has been reflected in Other Comprehensive Income.

Equity attributable to the owners of Camellia was up at £388.6 million (2020: £376.6 million) with net cash and cash equivalents net of borrowings of £54.0 million (2020: £90.1 million) and financial assets at fair value through profit or loss (money market funds) of £9.9 million (2020: £5.3 million).

Acquisition

The acquisition and subscription for new shares to obtain an 80% interest in Bardsley England on 31 July 2021 resulted in goodwill arising on acquisition of £3.6 million. £2.2 million of the purchase price is deferred with part payable in 2022 and the balance due in 2023.

In November 2021, the remaining 20% was acquired for £1.7 million in cash. At the same time, a loan due to Bardsley England by BX Technologies (previously part of the Bardsley family's group) of £1.1 million was repaid.

Impairments

The impairment to the goodwill relating to Abbey Metal Finishing arises from the losses incurred in the period prior to sale.

FINANCIAL REPORT

COVID and Ukraine impacts

As set out in the Operational report on page 7, our businesses are currently operating broadly as normal despite the ongoing pandemic and the uncertainty arising from the war in Ukraine. Our experience over the last two years has given us valuable insight into how the pandemic impacts our markets and our operations. Although the war in Ukraine has had limited impact on the Group to date, there remains uncertainty about how it might impact the tea market and input costs going forwards. Accordingly, we continue to take actions to conserve cash by focusing on efficiencies, minimising our operating costs and focusing capital expenditure across the Group.

However, with our substantial cash resources, our investment portfolio and limited gearing, we continue to be well placed to withstand a further period of disruption to our operations and sales.

Currencies

Over the course of the year, Sterling strengthened against the majority of our operating currencies. This has resulted in a loss on foreign exchange translation of £4.0 million (2020: loss £22.6 million) which is reflected in the Statement of Comprehensive Income. Had we translated our profit before tax for the year using the same average rates as last year, our results for 2021 would have been £1.7 million higher. Our profit before tax includes an exchange gain of £0.4 million on transactions during the year (2020: gain £2.2 million).

On 26 May 2022, the Reserve Bank of Malawi announced that it will stop supporting the currency and allow the exchange rate to reflect market fundamentals. This is expected to result in a devaluation of the Kwacha of c.25%.

Cash

The Group's net cash position reduced to £59.9 million at 31 December 2021 (2020: £94.9 million) reflecting, inter alia, net cash outflows from continuing operating activities of £11.9 million (2020: inflow £12.9 million).

We spent £11.6 million on investment in our existing operations and investment property and incurred a net cash outflow in the year of £9.6 million acquiring 100% of Bardsley England. Investment portfolio disposals net of reinvestments contributed £12.4 million to financing cashflows in the year.

Group borrowings in the form of loans amounted to £5.9 million at the end of the year (2020: £4.8 million).

We expect capital expenditure in 2022 to be higher than our depreciation charge and in excess of recent historical levels as we continue to invest in our key strategic growth priorities.

As previously highlighted, a number of the Group's key trading subsidiaries have minority shareholders such that when cash is repatriated to the UK by way of dividends, those minorities are entitled to their share of the relevant dividend. In a number of cases, withholding taxes are also payable from our share of those dividends.

Funds are reserved within our subsidiary companies to ensure wherever possible a level of headroom exists against the risk of crop losses and adverse price movements, such as are possible as a result of COVID and the Ukraine conflict and to fund long-term development projects.

Taxation

The Group's effective tax rate of 36.6% (2020: 110.3%) reflects the use of current year UK trading losses to offset taxable gains arising on investment disposals. The tax charge also reflects the recognition of a significant deferred tax liability relating to the surplus on the UK Pension Scheme.

The acquisition of Bardsley England will bring a UK profit stream for the Group which is expected to assist in reducing the Group's effective tax rate in future.

Following discussions with the Bangladesh Revenue Authority regarding the withholding tax rate applicable to branch remittances, this liability has increased to £3.4 million. These discussions have facilitated the remittance of significant funds to the UK.

Tax and other provisions

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

Despite progress being made during 2021, we continue to have a number of significant uncertain tax situations totalling £13.7 million, which have been disclosed previously and which are detailed in note 41 to the Accounts.

Pensions and other employment benefits

The Group operates a number of defined benefit pension schemes, the largest of which is in the UK.

The 2020 triennial valuation for the UK scheme, concluded early in 2021, shows a funding surplus and no contributions are required to be made to the scheme for the next three years. On an IAS 19 basis, at the end of 2021 the UK scheme had a surplus of £14.7 million.

The overseas defined benefit schemes are located in Bangladesh and India. 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.

In aggregate, our employee benefit schemes currently show a net surplus on an IAS 19 basis of £5.1 million (2020: £16.6 million deficit).

Accounting for defined benefit schemes is prescribed by IAS 19 and the quantum of the deficit continues to be highly sensitive to small changes in assumptions as regards wage inflation and gilt yields in the relevant jurisdictions and to asset performance. This year a net actuarial gain of £20.4 million (2020: gain £4.3 million) is reflected in the Statement of Comprehensive Income. The net gain this year arises primarily from the UK scheme where strong asset performance and the effect of higher interest rates benefited the Scheme.

Our Income Statement also reflects current and past service costs of £1.8 million (2020: net cost £2.2 million) and £0.8 million (2020: £0.7 million) in respect of employee benefit interest cost.

Susan Walker
Chief Financial Officer

30 May 2022

At Camellia, ESG (Environmental, Social and Governance) is integral to our business. We believe that the success of all our operations is fundamentally connected to the communities and environments, including the wider supply chains, in which we operate. Our Group ESG report ("Custodianship") published in 2020 illustrates not only the ESG initiatives undertaken across the Group but also explains the Group's approach to each of these principles. We intend to publish our next edition of Custodianship later this year. We have aligned ourselves to seven of the United Nations Sustainable Development Goals ("SDGs"):

- SDG 3: Good health and well being
- SDG 4: Quality education
- SDG 5: Gender equality
- SDG 6: Clean water and sanitation
- SDG 8: Decent work and economic growth
- SDG 13: Climate action
- SDG 15: Life on land

The Group's ESG initiatives are based on our fundamental belief that we are custodians of our operations, ensuring they undergo a process of continuous improvement. This enables them to be passed on to the next generation whilst caring for the environments in which they are based and for those communities who depend on them.

The Group's approach to ESG is the responsibility of the Strategy group (as described on page 40) which is supported in certain key areas by the Safeguarding and Stewardship committee which is described in more detail below. The boards of the Group's operating companies closely consider their respective governance protocols and the environmental impact of their ongoing operations and investment decisions, with regard to both Group requirements and local regulations and legislation. The Group's approach to Governance is set out in the Corporate Governance report.

Environmental

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

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

The Group also oversees c.11,100Ha of indigenous forests and conservation areas and a further 7,500Ha of commercial forestry (eucalyptus, pine, cypress). These areas, in combination with fields of perennial crops sequester significant amounts of carbon and act as an important carbon sink, which once quantified will offset some of the Group's emissions. We have estimated sequestration of our core crops and our managed eucalyptus estates, which we comment on in more detail below.

We use appropriate partners to support the Group in achieving environmental protection and emission footprint reduction initiatives and are continuously exploring technologies that can reduce our environmental footprint. In addition to minimising our environmental impact, we protect and enhance forests and water bodies for local flora and fauna.

Environmental reporting

The Group continues to report under SECR (Streamlined Energy & Carbon Reporting) Regulations, which is set out in the rest of this section. The Group has not been subject to any environmental fines during the reporting period.

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

Reporting year *Group sectors reported*	*2021* *Global* *(Excluding UK)*	*2020**** *Global* *(Excluding UK)*	*2019**** *Global* *(Excluding UK)*
Emissions from combustion of LPG and Natural gas (Scope 1) (tCO_2e)	24,008	21,555	25,350
Emissions from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (tCO_2e)	14,866	15,324	17,501
Emissions from the combustion of coal (Scope 1) (tCO_2e)	71,000	80,217	88,377
Emissions from combustion of firewood and other fuels (Scope 1) (tCO_2e)	3,816	3,819	3,558
Emissions from fertilisers, waste, livestock, land use change and refrigerants (Scope 1) (tCO_2e)	43,163	43,312	46,290
Emissions from purchase of electricity for own use (Scope 2, location-based) (tCO_2e)	41,958	42,717	47,625
Emissions from purchase of electricity for own use (Scope 2, market-based*) (tCO_2e)	41,942	42,717	47,625
Emissions from purchase of electricity, heat, steam, and cooling purchased for own use (Scope 2, location- based) (tCO_2e)	41,958	42,717	47,625
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (tCO_2e)**	132	n/a	n/a
Total gross Scope 1 & Scope 2 emissions (location-based) (tCO_2e)	198,811	206,944	228,701
Total gross Scope 1 & Scope 2 emissions (market-based) (tCO_2e)	198,795	206,944	228,701
Intensity ratio: Kg CO_2e/Kg of made tea	1.29	1.40	1.51
Energy equivalent from combustion of LPG and Natural gas (Scope 1) (GWh)	130.5	117.0	137.2
Energy equivalent from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (GWh)	61.5	62.8	71.0
Energy equivalent from the combustion of coal (Scope 1) (GWh)	219.4	250.4	266.3
Energy equivalent from combustion of firewood and other fuels (Scope 1) (GWh)	250.9	247.2	227.7
Electricity purchased for own use (Scope 2) (GWh)	91.4	90.5	95.5
Renewable electricity generated for own use (Scope 2) (Gwh)	0.9	0.9	0.6
Energy equivalent from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (GWh)**	0.5	n/a	n/a

* 2020 is the first reporting period for which we reported our scope 2 market-based emissions

** 2021 is the first reporting period for which we reported our scope 3 business travel in rental cars or employee-owned vehicles

*** Due to increased granularity of our Scope 1 and 2 reporting we have restated 2019 and 2020

Changes in Scope 1 & Scope 2 emissions

The Group's Scope 1 & 2 location-based emissions (excluding UK) reduced by 4% during the reporting period. This was primarily due to a reduction in volumes of made tea produced in India, partially offset by an increase in volumes in Bangladesh. In the tea drying process the Indian operations rely on coal and the Bangladesh operations rely on natural gas. Where possible, and with infrastructure permitting, cleaner fuel sources and efficiency improvements are being implemented. For example, installation of natural gas turbines, and investments in hydro-electric generators.

We report the made tea intensity ratio (2021:1.29kg CO_2e per kg of made tea; 2020: 1.40kg) and we continue to invest to improve the carbon efficiency of our tea factories. We are happy to report that in 2021 there has been an 8% decrease in the Group's location-based made tea carbon intensity, mainly due to lower production in India. We are also pleased to observe that our Kenyan and Malawian tea operations have continued to improve both thermal and electrical energy efficiency in their tea factories.

As mentioned above, the Group's perennial crops sequester significant amounts of carbon. In last year's annual report, we reported that we conducted a study with Ricardo Plc to estimate the volume of carbon sequestered by the Group's key crops and managed forestry. Sequestration forms an integral part of the Group's ambitions to become net zero and we are assessing how to implement this.

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

Reporting year *Group sectors reported*	*2021* *UK*	*2020* *UK*	*2019* *UK*
Emissions from combustion of LPG and Natural gas (Scope 1) (tCO_2e)	1,202	1,591	1,939
Emissions from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (tCO_2e)	4,087	3,744	5,069
Emissions from combustion of other fuels (Scope 1) (tCO_2e)	362	88	122
Emissions from fertilisers, waste, livestock, land use change, and refrigerants (Scope 1) (tCO_2e)	67	13	17
Emissions from purchase of electricity for own use (Scope 2, location-based) (tCO_2e)	4,408	5,130	5,316
Emissions from purchase of electricity for own use (Scope 2, market-based*) (tCO_2e)	1,171	32	n/a
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location- based) (tCO_2e)	4,408	5,130	5,316
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel**(Scope 3) (tCO_2e)	15	n/a	n/a
Total gross Scope 1 & Scope 2 emissions (location-based) (tCO_2e)	10,126	10,566	12,463
Total gross Scope 1 & Scope 2 emissions (market-based) (tCO_2e)	6,889	5,468	n/a
Energy equivalent from combustion of LPG and Natural gas (Scope 1) (GWh)	6.5	8.6	10.5
Energy equivalent from combustion of diesel and petrol for transport and onsite combustion (Scope 1) (GWh)	17.3	15.6	20.8
Energy equivalent from combustion of other fuels (Scope 1) (GWh)	1.4	0.3	0.5
Electricity purchased for own use (Scope 2) (GWh)	20.8	22.0	21.5
Energy equivalent from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3) (GWh)	0.01	n/a	n/a

* 2020 is the first reporting period for which we reported our Scope 2 market-based emissions. The increase in market-based emissions in 2021 was primarily due to the inclusion of Bardsley England.
** 2021 is the first reporting period for which we reported our Scope 3 business travel in rental cars or employee-owned vehicles.

Environmental certifications

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

Energy efficiency action taken

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

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

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

In addition, the Group is continuing with its programme of replacing existing energy sources with renewable energy sources, amounting to an additional 227 MWh in 2021. The main initiatives to date include the installation of solar generation at several operations in India, Bangladesh, Kenya and Brazil, as well as the installation of hydro turbines in India. In the UK most sites are on green tariff electricity contracts. The Group's operations have also assessed potential energy efficiency initiatives that can be implemented over the next five years. We set out examples of the key initiatives below:

Operation	*Energy Saving Initiatives*
Malawi	Replacing steel withering fans with lightweight alternatives
Malawi	Introduction of more energy efficient driers at its tea factories
Kenya	Improved fuelwood management and site suitability at all tea factories
Kenya	Variable speed drives fitted to air inlet fans for tea driers
Kenya	Installation of heat exchangers to recycle exhaust heat
Kenya	Conversion of inefficient irrigation water pumps to energy efficient units
India	Replacement of lighting with more energy efficient LED lighting
UK	Replacement of the transport fleet with more fuel-efficient vehicles
UK	Installation of fast close doors at cold stores, reducing the amount of ambient air flow

We expect the above initiatives to provide significant savings in energy over the next five years. The Group will continue with its program of replacing existing energy sources with renewable energy sources where possible. Our ultimate intention is to set energy use reduction targets across our operations.

Social

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

Healthcare, education and housing

Healthcare, education and housing continue to be integral parts of the Group's operations. For example, the majority of our tea estates in India and Bangladesh have a hospital and a qualified doctor, in addition to central referral hospitals owned and managed by the operations. Our African businesses run dispensaries established on their estates, offering medical services and care to employees, their dependents, and people from surrounding communities. These are manned by qualified medical personnel from our operations and services are free to employees and their dependents. Across the Group we continue to operate 50 hospitals and 85 dispensaries that we either own and/or operate. In 2021, the Group performed 880,000 patient treatments, of which 515,000 treatments were for Group employees, at its hospitals.

In many of our operations we provide childcare and education to our employee's families from nursery up to secondary school. During the year we continued to run 178 nurseries and creches, 76 primary schools and six secondary schools. In total we educated more than 32,000 children. In certain circumstances, our operations will provide land or other resources to contribute to the running of local schools which are not owned and/or operated by us.

We also provide housing to a large number of employees and their families. The housing is owned and managed by our Group operations and is provided and maintained in line with widely recognised international certifications. The Group owns c.48,000 houses accommodating c.291,000 people, of whom c.67,000 are employed.

2021 continued to be a year impacted by the effects of the COVID pandemic. Our operations have made significant efforts to provide safe working and living environments for our employees as well as the wider communities in which we operate. More information on these initiatives is contained in our ESG report.

Human Rights

We are determined to promote the safeguarding of Human Rights across our Group and its supply chains.

The Board has decided to enhance its governance and safeguarding oversight functions to comply with the UN Guiding Principles on Business and Human Rights and has established a Safeguarding and Stewardship committee which is further described on page 42. The purpose of the committee is to promote the highest standards in protecting and promoting Human Rights across the Group and an internationally respected firm of specialists has been appointed to enable our larger Group companies to review their Human Rights positions and to assist them in making improvements where necessary. Our Group wide Human Rights Policy and Social Code of Conduct is also designed to support Group companies in their efforts to continually improve the development and operation of their individual policies and procedures in this regard.

Approved by the Board

Amarpal Takk
Company Secretary

30 May 2022

Appendix to Environmental & Social report

SECR reporting methodology

The scope of the reporting for SECR purposes was determined by including the businesses in which the Group owns majority holdings and/or fully operates. It includes GHG (Greenhouse Gas) emissions and energy use by businesses that were divested during the reporting period up to the date of transfer of risk and reward pertaining to those businesses. Similarly, it includes business that were acquired during the reporting period from the date of transfer of risk and reward pertaining to those businesses. The reporting period aligns with the Group's financial reporting period. The reported figures are an aggregation of emissions and energy consumption by the Group's reporting units. A reporting unit is defined as a geographically located operating entity or group of entities. For example, the India group of companies is defined as one reporting unit. Within a reporting unit distinction is made between different sites, field operations and factory operations.

The conversion and emission factors used in calculating the Group's emissions are as per those published by the UK Department for Business, Energy & Industrial Strategy and the UK Department for Environment, Food and Rural Affairs (Defra), which are in line with the GHG Protocol guidance. The non-UK electricity emission factors are sourced from the International Energy Agency for Scope 2 location-based reporting. For Scope 2 market-based reporting they are sourced directly from the electricity suppliers, where available. For global (excluding UK) market-based emissions in regions where renewable energy certificate ("REC") systems are not developed, market-based emission factors are calculated using location-based grid average emission factors. For UK market-based emissions, where supplier specific emission rates could not be determined due to unavailability of data, UK residual mix emission factors were used.

A standardised reporting tool is used to capture the Group's environmental and energy data. Year on year trends in the data are analysed and understood. Where estimates are used these are disclosed and assessed in terms of magnitude as part of the overall data quality.

Every effort is made to ensure the environmental data that we report is accurate. However, should more accurate or complete data be available for prior years, we will restate if it results in a movement of at least 5% in the reported data. We may restate carbon emissions even when there is no change in consumption data, due to corrections to the emissions factors provided by Defra.

The Scope 3 element pertaining to energy use and CO2e emissions from rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel or where the company reimburses the employee for the fuel has been estimated based on an estimate of the kilometres travelled by employees under this category. We did not estimate this category for prior years since its share of the Group's total carbon footprint is relatively immaterial.

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 2021 and a description of the principal risks and uncertainties facing the Group. A fair review of the business of the Group is incorporated within the Chairman's statement and the Operational report on pages 5 to 18. The Chairman's statement and the Operational report, together with information contained within the report of the Directors, highlight the key factors affecting the Group's development and performance. Further details of the financial performance and position of the Group are set out in the Financial report on pages 16 to 18. 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
- Setting the principles which the operating companies need to achieve through their policies and procedures to ensure that the quality and safety of their products and services meet the highest international standards
- The continuous refinement and improvement of the Group's existing businesses using our internal expertise and financial strength

The progress against this strategy during the year is set out in further detail in the Operational report, the Environmental and Social report, and within the Report of the Directors.

Business model

The Group consists of operations engaged in Agriculture, Other Investments and Associates. These operations are managed on a divisional basis with regular reports made to the Board on performance against the annual budget. Each operation is expected to perform against an agreed strategy with goals and targets for the short, medium and long-term. These are summarised below.

Agriculture

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

With all our Agriculture operations we will have regard to the potential threats arising from politics and the impact of climate change, particularly in water stressed areas and will adapt our portfolio of operations accordingly.

Other investments & Associates

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

ACS&T. To keep our presence in the cold storage and transport sector under review in line with our Group strategy to focus on core areas of expertise.

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

Investment property. Maintain the existing portfolio and maximise returns from it. Part of the portfolio may be sold to accelerate the Group's investment in agriculture.

Collections. The Group has collections of art, philately and manuscripts, part of which may be realised to facilitate the increased focus on our core agricultural business.

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

S172 statement

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

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

Long-term

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

Stakeholders

The Board recognises the value of stakeholder relationships and the key role that these play in the Group's sustainability and success over the longer term. Good progress has been reported from the Safeguarding and Stewardship committee as it continues to support members of the Group in initiatives to protect and promote Human Rights and a peaceful, long-term and mutually beneficial relationship between the activities of businesses within the Group and the communities affected by them. Many environmental and social initiatives are initiated by staff in our operations each year, which we highlight on our website, various social media platforms and in the Group's ESG report. Further information can be found in the Environmental and Social report.

In order to track progress made, and in line with our culture of ongoing feedback, a second annual employee engagement survey, Your Voice, was undertaken during 2021. The survey gathered anonymous and open feedback from employees to support local management decisions as well as to provide Board insights. All employees in the UK were invited to respond, including from Bardsley England. Key questions from the survey were also put to a proportion of employees in our largest companies outside of the UK, which provided further insight. The results of the survey are continuing to be used to plan key initiatives and track progress on key areas such as recognition, development, leadership, mental health and wellbeing and feedback on how employees feel their company has continued to respond to the COVID pandemic. The positive trends identified included confidence in the communications and working practices related to the COVID pandemic, understanding of company goals and values and how individual performance contributes to the success of the Group. Opportunities to improve were agreed in partnership with employees at a company level and examples include continued clear and open communication, ongoing performance management and feedback, and a continued focus on learning and development. Your Voice will be repeated in 2022 to continue the momentum of ongoing employee feedback.

We have worked closely with our suppliers and customers to manage the challenges and disruption caused by the COVID pandemic and have continued to develop our relationship with these stakeholders across our operations through consistent engagement and regular meetings.

Further examples of how the views of stakeholders are provided to the Board include the annual cycle of information from management reporting, committees and meetings and operational visits in the UK and abroad. The Board conducts regular reviews of how to continue to engage effectively with stakeholders and there is on-going dialogue between members of the Board and stakeholders.

Principal risks and uncertainties

There are a number of possible risks and uncertainties that could impact the Group's operations. The Group regularly monitors these risks at operational and Group level, i.e. operational risks are raised by the operations directly to members of the Strategy group; Group risks are reviewed by the Group General Counsel and raised to the Audit committee; and risks considered and raised to the Strategy group are further raised to the Board. Information on the Group's financial risks is disclosed in note 42 of the Accounts.

Material risks relating to the Group's principal operations, with additions and updates for 2021, are noted in the table below. Whilst there has been a decrease in the overall risk and potential impact to the Group in relation to UK and Overseas Pensions, Legal & Regulation and prolonged impact of a pandemic, the Group considers that there has been an increase in overall risk and potential impact in relation to the cost of production (increased cost of fuel and fertiliser) and from the war in Ukraine. The overall materiality of individual risks or magnitude of impact on the Group as a whole in other areas has not changed significantly from the previous year.

Agriculture

Risk	*Potential Impact*	*Mitigation*
Climate change	Current agricultural patterns and practices become unsustainable. Land values and local communities are impacted. Flooding/drought/frost affecting crop yields.	Geographical spread of operations to lessen the impact of extreme weather on the Group as a whole. Investment in irrigation, water storage and drought resistant crop varieties. Investment in sustainable water solutions, soil management, energy saving initiatives and renewable energy sources.
Price volatility	Fluctuations in commodity prices impact profitability each season. In the event of a prolonged depression in the world tea market the impact on the Group would be material.	Use of forward contracts, product and crop diversification and building long-term strategic relationships with key customers.
Currency fluctuation	Profit volatility arising from sales in US Dollars and Euros where there is no natural hedge against the cost of production in local currency.	Monitoring of foreign exchange rates and cash management.
Cost of production	Increased wage costs, cost of inputs and other costs of production resulting in lower profitability. Wage costs and inputs have been included in 2021.	Introduction of more efficient working practices and the increased use of mechanisation and automation. Securing fertiliser and chemical supply contracts in advance of delivery requirement has been included in 2021.
Long-term political issues over land ownership	Potentially losing access to farms and estates or paying more for existing property (for example if freeholds become leaseholds).	Monitoring changes to local land legislation with the assistance of lawyers and local trade associations. Maintaining collaborative relationships with governments at local and national levels.

Agriculture (continued)

Risk	*Potential Impact*	*Mitigation*
Civil unrest, political instability and war War has been included as a potential risk in 2021	Periodic interruptions to the operation of the businesses at a local level. Supply chain disruption, lack of availability of key inputs. Reduced demand for products.	Increasing security for our workers and operations during times of civil unrest. Maintain market supply options and carrying buffer stocks. Maintaining diverse customer base.
Corruption	Inability to carry on business in a manner which is legal and ethical.	Strict adherence to anti-bribery legislation and the implementation of the Group Principal Polices.
Health and safety	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.
Human Rights (current and historic)	Adverse impact on financial results from legal and reputational costs. Media and political pressure impacting operations or customers preparedness to buy products.	The following has been updated in 2021: Understanding the salient Human Rights risks (via audits and assessments). Implementing measures to mitigate and prevent such risks from crystalising. Provide on-going training and raising awareness across the Group and communities. Strengthening governance protocols, by way of policies and increased reporting. Providing appropriate mechanisms to bring forward any allegations and redress (such as whistleblowing and operational-level grievance mechanisms).

AJT Engineering

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

ACS&T

Risk	*Potential Impact*	*Mitigation*
Key customer dependence	Losing a major customer.	Diversification of the customer base and careful customer relationship management.
Health and safety	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.

Investments & Associates

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

Group

Risk	*Potential Impact*	*Mitigation*
Prolonged impact of a pandemic	Interruption to production and/or disruption of supply to customers. Volatile equity markets impacting the pension schemes' deficits with a resultant increase in the funding requirement. Increased risk of bank failure, and foreign exchange volatility resulting in increased costs. Risk of imposition of currency controls leading to the inability to remit funds from overseas operations.	Implementation of contingency plans. Cost reduction and cash management measures. Ongoing monitoring of banking partners and country credit ratings.
UK and Overseas Pensions Increases in inflation and/or reductions in long-term government bond yields Lower than expected asset return Changes in local laws restricting the investment choices for the schemes' assets	Increase in the pension schemes' deficits with a resultant increase in the funding requirement.	The following has been updated in 2021: Regular monitoring of the funding position of the pension schemes and their investment performance. Improvement to the investment strategy and hedging key exposures when appropriate.

Group (continued)

Risk	*Potential Impact*	*Mitigation*
Environmental	Contamination of local and wider environment due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation, training employees to adopt safe working practices and lessen the impact on the environment. Proactively seek to reduce our impact on the environment.
Taxation Uncertainties in relation to the interpretation of complex tax legislation, or arising from changes in tax legislation Risk that the Group's judgements are challenged by tax authorities	Future adjustments to taxable income and expenses already recorded or increases to the cash tax costs incurred by the Group in future.	Tax exposures are considered individually, and judgements made with support from experienced tax professionals and external advisors.
Legal & Regulation Uncertainties in relation to the application of English or other law or changes in case law	Group legal risk in relation to the activities of overseas operations (including potential litigation in the UK) and incurring costs in relation to the same.	The following has been updated in 2021: Monitoring the interpretation of law and taking appropriate advice and monitoring and auditing compliance with new developments.
Potential cyber-threats such as computer viruses IT malfunctions or external cyber-attacks	Loss or theft of data. Interruption to services for customers and the business.	Developing our technology systems. Investing in developing the IT skills and capabilities of our people. Actively monitoring and mitigating any cyber-threats and suspicious IT activity. Implementation of disaster recovery plans for business critical systems.

Group principal policies – GPPs

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

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

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

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

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

High-level GPPs

Certification and traceability

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

Health and safety

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

Environmental

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

Employee welfare

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

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

Social code of conduct

As an international Group, we have interests in companies in various countries with very different levels of income and education. We believe that it is critical that we respect the cultures of the people of those countries but we also recognise the important role our Group companies and their suppliers play in helping us to source sustainably and responsibly. Our social code of conduct ('Code') provides the foundation for our engagement with our Group and its supply chains. It sets out our broad expectations for their independently-developed policies and procedures regarding basic compliance with applicable law, respect for the workforce and their Human Rights, environmental management and anti-corruption.

Human Rights

We respect and support Group companies' efforts to respect the dignity, wellbeing and Human Rights of the Group's employees, the communities in which the Group operates and those who may be impacted by the Group's operations. Our commitment to respecting internationally recognised Human Rights in line with the principles and guidance contained in the UN Guiding Principles on Business and Human Rights is set out in our Human Rights Policy, which underpins principles of internationally recognised Human Rights as relevant to our Group's operations, including those set out in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. We recognise that while states have a duty to protect Human Rights, companies have a responsibility to respect Human Rights and this means acting with due diligence to avoid infringing the Human Rights of others and addressing the adverse impacts companies may have caused, be connected to, or be linked to.

Respecting Human Rights is not only important to us and Group employees but is of importance to all of our shareholders, investors, customers, consumers, the communities where the Group operates and civil society groups. There is both a business and a moral case for supporting the promotion of Human Rights across the Group and its supply chain and our Group-wide Human Rights Policy is therefore designed to support Group companies in their development and operation of policies and procedures addressing these standards. We understand that Human Rights often compete, and that the resolution of these conflicts may be impossible for Group companies to achieve to everyone's satisfaction. We also understand that no amount of work on the part of the Group in promoting Human Rights can wholly eradicate the risk of Human Rights being breached by someone intent on causing harm, or careless as to whether harm is caused. We therefore recognise this is a journey and that our performance will evolve as we mature our practices. Despite the possibility of imperfect outcomes we will continuously seek to improve our Human Rights efforts.

Compliance GPPs

Anti–Bribery and corruption

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

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

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

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

Whistleblowing

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

Modern slavery GPP

The Group continues to comply with the requirements of the Modern Slavery Act 2015, to ensure that modern slavery and human trafficking are not taking place either within the Group or in the supply chains of our operations. A copy of the statement for the year ended 31 December 2021 is available on the Company's website. In some countries, it is both the cultural norm and permissible for parents to involve their children in the production process. We do not subscribe to this approach and the use of child labour is prohibited across the Group. All Group operations are required to confirm this statement and adopt local policies and procedures to ensure continued compliance. This includes setting out codes of conduct when working alongside customers and suppliers.

Tax principles

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

Key financial performance indicators

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

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

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

For the Engineering and Food Service divisions, the Board receives monthly profit and operating performance information.

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

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

Certain of the key financial performance indicators are included in the Operational report on pages 7 to 15.

Non–financial performance indicators

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

- Market trends – including tea auction volumes, demand for each product by country where available, supply data and market prices

- Health & Safety – including days lost to injury, number of accidents and fatalities, whistleblowing incidents and updates to legislation
- Grievances – including employee, welfare and social issues
- Industrial disputes – including days lost to strike action and other significant employee issues
- Land and politics – including elections, material new regulation or case law
- Changes in key personnel – including promotions, resignations and retirements of senior management
- Weather and climate – including rainfall, temperatures and long-term meteorological trends

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

Employees

Employees are kept informed on matters affecting them and the performance of the Group by their local management as well as through internal publications, the Camellia Plc website, social media and operational visits. A new communication tool was implemented at the Camellia Head Office and two UK companies in 2021, which provides a portal of news, updates, policies and social media feeds, as well as the opportunity to book annual leave and access key work related information on an automated system. Kenyan and Indian operations have social media platforms which support employee engagement and Kakuzi uses YouTube videos to communicate news and information about staff and their roles within the operation.

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

The table below provides a breakdown of the gender of the Directors and employees on 31 December 2021.

	Men	*Women*
Company Directors	9	1
All employees	65,229	72,931

Approved by the Board

Amarpal Takk
Company Secretary

30 May 2022

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated accounts for the year ended 31 December 2021.

Principal activities

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

- Agriculture
- Other Investments and Associates

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

Results and dividends

The profit after tax for the year amounted to £4.5 million (2020: loss after tax £0.8 million). The Board is proposing a final dividend for the year 2021 of 102p per share payable on 29 July 2022 to holders of the ordinary shares registered at the close of business on 8 July 2022. Therefore, the total dividend payable for 2021 is 146p per share (2020: 144p per share). Details are shown in note 11 to the Accounts.

Directors

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

Camellia Plc ordinary shares of 10p each:	*31 December 2021*	*1 January 2021*
Malcolm Perkins	1,673	1,673
Tom Franks	200	200
Susan Walker	220	220

Under the Company's articles of association all the Directors are required to retire annually. Accordingly, Malcolm Perkins, Susan Walker, Graham Mclean, Frédéric Vuilleumier, Simon Turner and Stephen Buckland will retire and, being eligible, will seek re-election at the forthcoming Annual General Meeting ("AGM"). Tom Franks, William Gibson and Gautam Dalal have indicated that they do not wish to stand for re-election at the AGM. Rachel English was appointed as an independent non-executive Director effective from 6 May 2022 and will seek election to the Board at the AGM.

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

Executive Directors

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

Tom Franks, a chartered accountant, was appointed as Chief Executive with effect from 1 September 2015. He joined Camellia as Deputy Chief Executive in October 2014.

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

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

Non–executive Directors

William Gibson was appointed as an independent non-executive Director in September 2014 and was appointed as the senior independent non-executive director in September 2021. 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, chairman of the Safeguarding and Stewardship 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 a partner of Oberson Abels SA, a law office based in Geneva, Switzerland. He was a member of the Audit committee until April 2019.

Gautam Dalal was appointed as an independent non-executive Director in March 2018. He was previously a partner at KPMG and a founder-director of the UK India Business Council, a member of the Asian Business Association and a director of AMREF Health Africa's International Board. He was appointed chairman of the Audit committee in September 2021.

Simon Turner was appointed as a non-executive Director in March 2020. After an earlier career in the legal profession, he is now president of the board of the trustee of The Camellia Foundation. He became a member of the Remuneration and Nomination committees in September 2021.

Stephen Buckland was appointed as a non-executive Director in November 2021. He previously held positions within the Camellia Group's agricultural and banking businesses. He is a trustee of two charities: The Sir Percival Griffiths' Tea Planters Trust and The Camellia Foundation, a UK charity whose primary donor of the same name is the ultimate majority shareholder of Camellia Plc. He became a member of the Audit committee in December 2021.

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

Company Secretary

Amarpal Takk was appointed as Group General Counsel and Company Secretary in April 2018. He is a qualified solicitor of England and Wales. He was appointed a member of the Safeguarding and Stewardship committee in December 2020.

Substantial shareholdings

As at 6 May 2022 the Company has been advised of the following interests in its share capital:

Shareholder	*No. of Shares*	*% of total voting rights*
Camellia Holding AG	1,427,000	51.67
Fide Holding NV	360,500	13.05
Quaero Capital SA	151,098	5.47

Share capital and purchase of own shares

The Company's share capital comprises one class of ordinary shares of 10p per share which carry no restrictions on the transfer of shares or on voting rights (other than as set out in the Company's articles of association). There are no agreements known to the Company between shareholders in the Company which may result in restrictions on the transfer of shares or on voting rights in relation to the Company. Details of the issued share capital are contained in note 36 to the Accounts.

At the AGM in 2021, shareholders gave authority for the Company to purchase up to 276,200 of its own shares. This authority expires at the conclusion of this year's AGM at which a resolution proposing renewal of the authority will be submitted to shareholders.

Auditors

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

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

- So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware.
- Each Director has taken all the steps that ought to have been taken as a Director, including making appropriate enquiries of fellow Directors and of the Company's auditors for that purpose, in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Energy and carbon disclosure

In compliance with the SECR requirements, our greenhouse gas emissions, energy consumption and energy reduction initiatives are reported within the Environment and Social report on pages 19 to 24.

Employees & stakeholders

The Directors have had regard to the need to foster the Company's business relationships with employees, suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year. Details in relation to employees and stakeholders are set out in the s172 Statement on page 26 and the Employee section on page 34.

R&D

The Group invests in research and development projects within its operations in order to improve efficiency and grow revenues. In Kenya, Malawi and India technical departments are focussed on various projects to improve harvesting efficiency, pest and disease identification and control, energy efficiency and implement colour sorting technology. New agricultural technologies are also being trialled where possible, including the use of drones, robotics and automated manufacturing systems.

We continue to collaborate with various organisations, for example, the Cambridge Environmental Sustainability Strategy committee and working with the Gatsby Foundation on potential value-added ventures. In Kenya we use precision specification eucalyptus trees for furniture and other construction applications. In Kenya we are running a commercial blueberry trial to evaluate the viability of different varieties. In Brazil, research and development is ongoing into water saving irrigation systems, and satellite imaging for soil, nutrient and crop profiling help to identify climate impact and plant nutrient requirements. These initiatives will help to inform our decisions on the implementation of precision farming technologies.

Future development

Details of future developments are set out in the Operational report and the Strategic report.

Going concern

The Directors, at the time of approving the financial statements, considered the Group's business activities together with the main trends and factors likely to affect the Group, the most recent business performance of the Group, including the impacts of the pandemic, as described in the Operational report on pages 7 to 15.

The Directors considered the impact of the current COVID environment and the Ukraine conflict on the business for the next 15 months.

REPORT OF THE DIRECTORS

The Directors have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our experience of trading through the pandemic over the last two years, we expect our Agriculture businesses will continue to operate broadly as currently. In the UK we have assumed that the food service market recovers gradually over the course of the next year.

At 31 December 2021, the Group had cash and cash equivalents net of borrowings of £54.0 million. In addition, the Group had undrawn short-term loan and overdraft facilities of £23.7 million and a portfolio of liquid investments with a fair market value of £40.2 million.

The Directors have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea, reduced avocado exports, reduced sales volumes for macadamia and reduced partner grower apple volumes during 2022. The revenue and operational impact of such volume reductions across our operations would have a substantially negative impact on Group profitability. We have also considered the risk of price reductions during 2022 for our tea, macadamia and avocado crops combined with higher than expected energy and fertiliser costs across all operations.

Historically in the Tea division restrictions on, or reductions in, the supply of tea either regionally or globally have led to higher selling prices and this was borne out in India during 2020 and 2021 and in Bangladesh in 2021. However, for prudence for the purposes of our downside scenario planning we have not reflected increased selling prices for tea nor any significant mitigating reductions to our operating cost base in our tea operations. We have however assumed that in certain scenarios aspects of our investment programme would be curtailed.

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

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

Financial risk management

Information on the Group's financial risk management objectives and policies and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 42 of the Accounts.

Corporate governance

The Company's statement on corporate governance can be found in the Corporate Governance report on pages 39 to 43.

Political donations

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

Approved by the Board

Amarpal Takk
Company Secretary

30 May 2022

Statement of compliance

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

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

The Board

The Board currently comprises ten Directors, six of whom are non-executive Directors as set out on page 4. The remaining Directors are executive Directors, including the Chairman. William Gibson has been designated as the senior independent non-executive Director. The names and brief biographical details of each Director appear on pages 35 and 36. Following the decision of three Directors not to stand for re-election at the AGM, a recruitment process is underway.

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

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

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

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

A report summarising the Group's financial and operational performance is provided to Directors each month. Each Director has sufficient information in advance of Board meetings to enable informed judgements to be made on matters referred to the Board. The Board met 13 times in 2021.

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

Director	*Board*	*Audit*	*Remuneration**	*Nomination*
Malcolm Perkins	13/13	–	–	1/1
Chris Relleen	8/13	1/3	0/3	-
Tom Franks	13/13	–	–	–
Graham Mclean	13/13	–	–	–
Susan Walker	13/13	–	–	–
William Gibson	12/13	3/3	2/3	1/1
Frédéric Vuilleumier	13/13	–	–	–
Gautam Dalal	13/13	3/3	–	–
Simon Turner	13/13	–	2/3	1/1
Jonathan Bond	5/13	–	–	–
Stephen Buckland	2/13	1/3		

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

Board evaluation

An internal review, led by the Company Secretary and the Chairman, was undertaken this year. This was based upon a series of questions and each Director had the opportunity to contribute and challenge, which enabled a constructive and quality debate during Board meetings. In order to enhance and further strengthen the Board, the decision was taken to appoint a new independent non-executive Director.

Executive committees

The Board has established the Strategy group, consisting of the Chairman, the executive Directors of the Board and the Group General Counsel. The Board has also established two Executive Committees. The Agriculture Executive Committee is chaired by the Director of Agriculture and includes the Chief Executive, Chief Financial Officer, the Group General Counsel 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 Managing Directors of the UK businesses, the Group General Counsel, the UK Investment Manager and the UK Head of Human Resources.

Investments and Associates report directly to the Chief Executive.

Nomination committee

The committee is chaired by Malcolm Perkins. Its other members are William Gibson and Simon Turner.

The principal responsibilities of the committee are set out below:

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

The committee met once during the year to consider the appointment of Stephen Buckland. Other matters were raised to and approved by the Board.

Audit committee

The committee is chaired by Gautam Dalal (Chris Relleen chaired the committee up to 5 August 2021). The other members of the committee during the year were Stephen Buckland and William Gibson. During 2021, the committee met on three occasions.

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

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

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

Going concern

The committee considered the appropriateness of the going concern principle of accounting used in preparing the financial statements in the context, in particular, of the potential impact of the pandemic and the conflict in Ukraine on the Group's cash requirements.

Biological assets

One of the key areas of judgement that the committee considered in reviewing the financial statements was the valuation of biological assets in accordance with IAS 41. Valuations are based on discounted cash flows or are carried out by external professional valuers. These were considered for consistency of approach and assumptions agreed as reasonable. For more details see note 19 to the Accounts.

Pensions

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

Accounting for the acquisition of Bardsley England

A detailed exercise was undertaken to identify and allocate a fair value to the separately identifiable assets and liabilities relating to the Bardsley England business at the date of acquisition. The committee considered the assumptions made and concluded that the basis of allocation of the purchase price to the assets and liabilities acquired was appropriate.

Carrying value of intangible assets

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

The carrying value of the goodwill relating to Bardsley England which arose on the acquisition of that group of companies during 2021 was also considered in context of the future expectations of growth rates for partner grower volumes and the potential impact of inflation on margins.

The committee considered the fair value of the Group's holdings and whether any impairment in the carrying value had occurred and agreed that apart from the £0.5 million impairment in respect of Abbey Metal Finishing, no impairment provisions were required.

Carrying value of tangible assets

The committee considered the fair value of the Group's investment property portfolio, the carrying value of plant and equipment at the engineering subsidiaries, and the carrying value of certain of the Indian and Bangladeshi estates in the context of COVID impacts on trading and third party valuations and agreed that no impairment had occurred during the year.

Carrying value of BF&M

The Group's carrying value of BF&M was lower than the share price for BF&M at 31 December 2021. The committee considered the fair value of the Group's holding and whether any impairment in the carrying value had occurred and in view of the expected control premium associated with our holding concluded that no impairment is required.

Provisions

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

External auditor

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

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

The committee confirms that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Remuneration committee

The committee is chaired by William Gibson and the other member is Simon Turner (Chris Relleen was a member up to 5 August 2021).

The responsibilities of the committee include:

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

The Remuneration report appears on pages 45 to 46.

Safeguarding & Stewardship committee

The Safeguarding and Stewardship committee has continued to promote its mission of meeting the highest standards in protecting and promoting Human Rights across the Group. The committee meets regularly throughout the year and is chaired by William Gibson. Other members of the committee are Malcolm Perkins and Amarpal Takk. Louise Nicholls and Vinita Singh are independent members of the committee. Louise is the managing director of a Human Rights and sustainability management consultancy in the UK, prior to which she was the head of sustainability for a large UK supermarket and Vinita has previously worked on empowering individuals and workers within supply chains based in India and across a variety of sectors, including helping businesses to understand how they can contribute to improving working conditions.

The principal objectives of the committee are set out below:

- Identify and mitigate significant social and governance risks
- Monitor the management of personal and process safety risk, security and environment risks
- Work with industry experts to put in place processes to identify and mitigate such social and governance risks which are appropriate in their design and effective in their implementation

Insurance

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

Share capital structure

The share capital of the Company is set out in note 36.

Internal control and risk management systems

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

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

Approved by the Board

Amarpal Takk
Company Secretary

30 May 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under Company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

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

This responsibility statement was approved by the Board of Directors on 30 May 2022.

Malcolm Perkins
Chairman

30 May 2022

REMUNERATION REPORT

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

Remuneration committee

Details of the Remuneration committee are set out on page 42.

Policy on Directors' remuneration

The policy agreed by the committee is as follows:

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

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

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

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

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

At the AGM on 3 June 2021, the Remuneration Report for the year to 31 December 2020 was approved by shareholders with 99.90% of the votes cast in favour, 0.03% of the votes cast against and 508 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. The Company has in place appropriate director's and officers' liability insurance cover in respect of legal action against its executive and non-executive Directors, amongst others.

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

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

Directors' remuneration

	Remuneration		Benefits in Kind		Total	
	2021	*2020*	2021	*2020*	2021	*2020*
	£	*£*	£	*£*	£	*£*
Executive						
Malcolm Perkins	200,560	*261,006*	11,525	*15,140*	212,085	*276,146*
Tom Franks	611,820	*611,820*	38,269	*38,453*	650,089	*650,273*
Susan Walker	373,890	*373,890*	28,010	*28,057*	401,900	*401,947*
Graham Mclean	402,215	*402,215*	29,792	*29,866*	432,007	*432,081*
Non–executive						
William Gibson	53,470	*50,470*	–	–	53,470	*50,470*
Chris Relleen (up to 31 August 2021)	36,393	*54,590*	–	–	36,393	*54,590*
Frédéric Vuilleumier	51,500	*51,500*	–	–	51,500	*51,500*
Gautam Dalal	49,047	*47,380*	–	–	49,047	*47,380*
Simon Turner	47,380	*38,815*	–	–	47,380	*38,815*
Jonathon Bond (up to 3 June 2021)	21,573	*38,815*	–	–	21,573	*38,815*
Stephen Buckland (from 1 November 2021)	7,897	–	–	–	7,897	–
Total	1,855,745	*1,930,501*	107,596	*111,516*	1,963,341	*2,042,017*

Notes
(i) The executive Directors' benefits in kind include the value attributed to medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars.
(ii) Gautam Dalal received an additional annual fee for his Chairmanship of the Audit committee
(iii) William Gibson received an additional annual fee for his Chairmanship of the Remuneration committee and the Safeguarding and Stewardship committee

Directors' pensions

Malcolm Perkins received no payment for pensionable service during 2021. Tom Franks, Graham Mclean and Susan Walker receive an excess non-pensionable salary supplement equivalent to 10% of base salary.

Approved by the Board

Amarpal Takk
Company Secretary

30 May 2022

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2021

	Notes	2021 Adjusted profit (note 4) £'m	2021 Separately disclosed items (note 4) £'m	2021 £'m	2020 Adjusted profit (note 4) £'m	2020 Separately disclosed items (note 4) £'m	2020 £'m
Continuing operations							
Revenue	2	277.2	–	277.2	*291.2*	–	*291.2*
Cost of sales		(215.7)	0.3	(215.4)	*(227.7)*	–	*(227.7)*
Gross profit		61.5	0.3	61.8	*63.5*	–	*63.5*
Other operating income		2.6	–	2.6	*3.0*	–	*3.0*
Distribution costs		(14.5)	–	(14.5)	*(16.2)*	–	*(16.2)*
Administrative expenses	3	(47.6)	(1.4)	(49.0)	*(43.4)*	*(16.1)*	*(59.5)*
Trading profit/(loss)	1,3	2.0	(1.1)	0.9	*6.9*	*(16.1)*	*(9.2)*
Share of associates' results	5	7.2	–	7.2	*6.1*	–	*6.1*
Profit on disposal of property, plant and equipment	6	–		–	–	*14.4*	*14.4*
Impairments of intangible assets, investment properties and property, plant and equipment	7	–	(0.5)	(0.5)	–	*(6.5)*	*(6.5)*
Loss on disposal of subsidiaries		–	(0.1)	(0.1)	–	–	–
Profit on disposal of financial assets		0.2	-	0.2	*0.2*	–	*0.2*
Operating profit		9.4	(1.7)	7.7	*13.2*	*(8.2)*	*5.0*
Investment income		0.5	–	0.5	*0.6*	–	*0.6*
Finance income	8	2.2	–	2.2	*2.3*	–	*2.3*
Finance costs	8	(2.9)	–	(2.9)	*(1.6)*	–	*(1.6)*
Net exchange gain	8	0.4	–	0.4	*2.2*	–	*2.2*
Employee benefit expense	8	(0.8)	–	(0.8)	*(0.7)*	–	*(0.7)*
Net finance (costs)/income	8	(1.1)	–	(1.1)	*2.2*	–	*2.2*
Profit before tax		8.8	(1.7)	7.1	*16.0*	*(8.2)*	*7.8*
Taxation	9			(2.6)			*(8.6)*
Profit/(loss) after tax				4.5			*(0.8)*
Profit/(loss) attributable to:							
Owners of Camellia Plc				2.3			*(5.0)*
Non-controlling interests				2.2			*4.2*
				4.5			*(0.8)*
Earnings/(loss) per share – basic and diluted	12			83.3p			*(181.0)p*

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2021

	Notes	2021 £'m	*2020 £'m*
Group			
Profit/(loss) for the year		4.5	*(0.8)*
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income:			
Fair value adjustment for the financial assets disposed		1.0	*(0.3)*
Corporation tax arising on financial asset disposals before utilisation of losses		(2.2)	*–*
Unwind of deferred tax on financial assets		2.2	*–*
Changes in the fair value of financial assets	22	0.8	*2.3*
Deferred tax movement in relation to fair value adjustments		–	*(0.7)*
Remeasurements of post employment benefit obligations	35	20.4	*4.3*
Deferred tax movement in relation to post employment benefit obligations	34	(3.9)	*0.6*
		18.3	*6.2*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(4.0)	*(22.6)*
Share of other comprehensive income of associates		0.2	*0.3*
		(3.8)	*(22.3)*
Other comprehensive income/(expense) for the year, net of tax		14.5	*(16.1)*
Total comprehensive income/(expense) for the year		19.0	*(16.9)*
Total comprehensive income/(expense) attributable to:			
Owners of Camellia Plc		18.4	*(16.6)*
Non-controlling interests		0.6	*(0.3)*
		19.0	*(16.9)*
Company			
Profit for the year		6.5	*4.5*
Total comprehensive income for the year		6.5	*4.5*

CONSOLIDATED BALANCE SHEET

at 31 December 2021

	Notes	2021 £'m	2020 £'m
ASSETS			
Non–current assets			
Intangible assets	15	10.1	6.6
Property, plant and equipment	16	202.1	198.3
Right-of-use assets	17	28.8	16.6
Investment properties	18	23.1	19.1
Biological assets	19	13.4	12.7
Investments in associates	21	72.6	67.6
Financial assets at fair value through other comprehensive income	22	27.7	42.6
Financial asset at fair value through profit or loss	23	7.2	5.3
Financial assets at amortised cost	24	1.3	2.7
Other investments - heritage assets	25	8.7	9.8
Retirement benefit surplus	35	14.8	0.1
Trade and other receivables	27	2.7	2.4
Total non–current assets		412.5	383.8
Current assets			
Inventories	26	51.7	47.5
Biological assets	19	7.8	7.1
Trade and other receivables	27	48.5	43.7
Financial asset at fair value through profit or loss	23	2.7	–
Financial assets at amortised cost	24	1.3	–
Current income tax assets		0.6	1.7
Cash and cash equivalents (excluding bank overdrafts)	28	61.8	98.5
		174.4	198.5
Assets classified as held for sale	29	6.6	–
Total current assets		181.0	198.5
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	31	(3.3)	(5.7)
Lease liabilities	32	(3.2)	(1.2)
Trade and other payables	30	(59.2)	(50.9)
Current income tax liabilities		(3.0)	(10.3)
Employee benefit obligations	35	(1.1)	(1.1)
Provisions	33	(11.8)	(19.0)
		(81.6)	(88.2)
Liabilities related to assets classified as held for sale	29	(2.0)	–
Total current liabilities		(83.6)	(88.2)
Net current assets		97.4	110.3
Total assets less current liabilities		509.9	494.1
Non–current liabilities			
Financial liabilities – borrowings	31	(4.5)	(2.7)
Lease liabilities	32	(21.5)	(10.3)
Deferred tax liabilities	34	(38.0)	(39.5)
Employee benefit obligations	35	(8.6)	(15.6)
Total non–current liabilities		(72.6)	(68.1)
Net assets		437.3	426.0
EQUITY			
Called up share capital	36	0.3	0.3
Share premium		15.3	15.3
Reserves		373.0	361.0
Equity attributable to owners of Camellia Plc		388.6	376.6
Non–controlling interests		48.7	49.4
Total equity		437.3	426.0

COMPANY BALANCE SHEET

at 31 December 2021

	Notes	2021 £'m	2020 £'m
ASSETS			
Non–current assets			
Investments in subsidiaries	20	73.5	73.5
Other investments – heritage assets	25	8.8	11.0
Total non–current assets		82.3	84.5
Current assets			
Trade and other receivables	27	0.2	0.6
Current income tax asset		0.1	0.1
Amounts due from group undertakings		1.9	2.2
Cash and cash equivalents	28	0.7	–
		2.9	2.9
Assets classified as held for sale	29	2.1	–
Total current assets		5.0	2.9
LIABILITIES			
Current liabilities			
Trade and other payables	30	(0.9)	(0.8)
Amounts due to group undertakings		(16.6)	(16.1)
Provisions	33	–	(1.9)
Total current liabilities		(17.5)	(18.8)
Net current liabilities		(12.5)	(15.9)
Total assets less current liabilities		69.8	68.6
Non–current liabilities			
Deferred tax liabilities	34	(0.2)	(0.2)
Total non–current liabilities		(0.2)	(0.2)
Net assets		69.6	68.4
EQUITY			
Called up share capital	36	0.3	0.3
Share premium		15.3	15.3
Reserves		54.0	52.8
Total equity		69.6	68.4

The profit for the company is shown in note 10.

The notes on pages 54 to 124 form part of the financial statements.

The financial statements on pages 47 to 124 were approved on 30 May 2022 by the board of Directors and signed on their behalf by:

M C Perkins
Chairman

Registered Number 00029559

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2021

	Notes	2021 £'m	*2020 £'m*
Cash generated from/(used in) operations			
Cash flows from operating activities	37	1.9	*19.3*
Interest received		2.1	*2.4*
Interest paid		(2.9)	*(1.6)*
Income taxes paid		(13.1)	*(7.2)*
Net cash flow from operating activities		(12.0)	*12.9*
Cash flows from investing activities			
Purchase of intangible assets		–	*(0.3)*
Purchase of property, plant and equipment		(10.7)	*(13.5)*
Proceeds from sale of non-current assets		0.7	*0.5*
Proceeds from sale of non-current assets - non recurring		–	*21.6*
Proceeds from sale of heritage assets		0.1	–
Additions to investment property		(0.9)	*(0.9)*
Biological assets: non-current - disposals		0.5	*0.7*
Payment for acquisition of a businesses/subsidiary net of cash acquired	39	(3.7)	–
Purchase of non-controlling interest	39	(5.9)	–
Investment in associates		–	*(0.3)*
Dividends received from associates		3.0	*3.2*
Purchase of investments		(8.9)	*(12.4)*
Proceeds from sale of investments		21.3	*9.1*
Income from investments		0.5	*0.6*
Net cash flow from investing activities		(4.0)	*8.3*
Cash flows from financing activities			
Equity dividends paid		(5.2)	*(2.8)*
Dividends paid to non-controlling interests		(1.9)	*(7.0)*
New loans	38	3.8	*1.9*
Loans repaid	38	(13.1)	*(3.6)*
Payments of lease liabilities	38	(2.0)	*(0.9)*
Net cash flow from financing activities		(18.4)	*(12.4)*
Net (decrease)/increase in cash and cash equivalents		(34.4)	*8.8*
Cash and cash equivalents at beginning of year	28	94.9	*89.4*
Exchange losses on cash		(0.6)	*(3.3)*
Cash and cash equivalents at end of year	28	59.9	*94.9*

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

COMPANY CASH FLOW STATEMENT
for the year ended 31 December 2021

	Notes	2021 £'m	2020 £'m
Cash generated from operations			
Profit before tax	10	6.5	*4.5*
Adjustments for:			
Interest income		(0.3)	*(0.2)*
Dividends from group companies		(8.0)	*(10.0)*
Decrease/(increase) in trade and other receivables		0.4	*(0.6)*
Increase in trade and other payables		0.1	*0.2*
Movement in provisions		(1.9)	*1.9*
Net movement in intra-group balances		0.8	*(3.1)*
Cash used in operations		(2.4)	*(7.3)*
Interest received		0.3	*0.2*
Net cash flow from operating activities		(2.1)	*(7.1)*
Cash flows from investing activities			
Proceeds from sale of other investments – heritage assets		0.1	–
Dividends received		8.0	*10.0*
Net cash flow from investing activities		8.1	*10.0*
Cash flows from financing activities			
Equity dividends paid		(5.3)	*(2.9)*
Net cash flow from financing activities		(5.3)	*(2.9)*
Net movement in cash and cash equivalents		0.7	–
Cash and cash equivalents at beginning of year	28	–	–
Cash and cash equivalents at end of year	28	0.7	–

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Notes	Share capital £'m	Share premium £'m	Treasury shares £'m	Retained earnings £'m	Other reserves £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
Group									
At 1 January 2020		0.3	15.3	(0.4)	358.6	21.9	395.7	56.7	452.4
Loss for the year		–	–	–	(5.0)	–	(5.0)	4.2	(0.8)
Other comprehensive income/(expense) for the year		–	–	–	5.3	(16.9)	(11.6)	(4.5)	(16.1)
Dividends	11	–	–	–	(2.8)	–	(2.8)	(7.0)	(9.8)
Share of associate's other equity movements		–	–	–	0.3	–	0.3	–	0.3
At 31 December 2020		0.3	15.3	(0.4)	356.4	5.0	376.6	49.4	426.0
Profit for the year		–	–	–	2.3	–	2.3	2.2	4.5
Other comprehensive income/(expense) for the year		–	–	–	13.8	2.3	16.1	(1.6)	14.5
Transfer of realised gains on disposal of financial assets		–	–	–	11.0	(11.0)	–	–	–
Dividends	11	–	–	–	(5.2)	–	(5.2)	(1.9)	(7.1)
Companies joining the Group	39	–	–	–	–	–	–	5.3	5.3
Adjustment arising from change in non-controlling interest		–	–	–	(1.4)	–	(1.4)	1.4	–
Purchase of non-controlling interests	39	–	–	–	0.2	–	0.2	(6.1)	(5.9)
At 31 December 2021		0.3	15.3	(0.4)	377.1	(3.7)	388.6	48.7	437.3
Company									
At 1 January 2020		0.3	15.3	–	39.1	12.1	66.8	–	66.8
Profit for the year		–	–	–	4.5	–	4.5	–	4.5
Other comprehensive income for the year		–	–	–	–	–	–	–	–
Dividends	11	–	–	–	(2.9)	–	(2.9)	–	(2.9)
At 31 December 2020		0.3	15.3	–	40.7	12.1	68.4	–	68.4
Profit for the year		–	–	–	6.5	–	6.5	–	6.5
Other comprehensive income for the year		–	–	–	–	–	–	–	–
Dividends	11	–	–	–	(5.3)	–	(5.3)	–	(5.3)
At 31 December 2021		0.3	15.3	–	41.9	12.1	69.6	–	69.6

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

Other reserves of the Group include fair value reserves and net exchange differences of £53.5 million deficit (2020: £50.8 million deficit).

Group retained earnings includes £162.1 million (2020: £157.3 million) 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 United Kingdom adopted International Financial Reporting Standards (IFRS), IFRS Interpretations Committee (IFRS IC) and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Standards Board (IASB).

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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In the current year, Jing Tea has been included in agriculture instead of food service and comparative figures in note 1 have been adjusted. This reclassification had no impact upon the net profit for the period.

Going concern

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

Basis of consolidation

Subsidiaries

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

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

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

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

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

Associates

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

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

Foreign currency translation

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

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

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, value added tax and other sales related taxes and after eliminating intra-group sales.

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

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

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

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

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

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

Investment income

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

Segmental reporting

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

Exceptional items

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

Government grants

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

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

Intangible assets

(i) Goodwill

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

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

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

(ii) Identifiable intangible assets

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

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

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

(iii) Computer software

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

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

Property, plant and equipment

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

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

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

Subsequent costs are included in the assets' carrying amount, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. 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:-

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in the Income Statement.

Right–of–use assets

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

Investment properties

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

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

Biological assets: non-current

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

Biological assets: current

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

Financial assets

Classification of financial assets

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

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

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

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

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

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

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

(iii) Amortised cost and effective interest method

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

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write–off policy

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

(v) Measurement and recognition of expected credit losses

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

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

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

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

Derecognition of financial assets

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

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

Other investments – heritage assets

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

Investments in subsidiary companies

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

Impairment of non-financial assets

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

Inventories

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

Other inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, which are integral to the Group’s cash management activities. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Assets classified as held for sale

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

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

Trade payables

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

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

Borrowings

Interest-bearing bank loans and overdrafts are initially recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than in a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related tax asset is realised or the tax liability is settled.

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

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

Employee benefits

(i) Pension obligations

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

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

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

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

Past service costs are recognised directly in the Income Statement.

(ii) Other post–employment benefit obligations

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

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

Provisions

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

Share capital

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

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

Dividend distribution

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

Critical accounting judgements and key sources of estimation uncertainty

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

Critical judgements in applying the Group's accounting policies

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

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

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

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

Key sources of estimation uncertainty

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

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

(i) Estimation of useful lives of bearer plants

Estimates and assumptions made to determine bearer plants carrying values and related depreciation are significant to the Group’s financial position and performance. The annual depreciation charge is determined after estimating an asset’s expected useful life and its residual value at the end of its life. The useful lives and residual values of the Group’s assets are determined by management at the time the asset is acquired or bearer plant is planted and reviewed annually for appropriateness. The Group derives useful economic lives based on experience of similar assets, including use of third party experts at the time of acquisition of assets. Emerging governmental policies relating to climate change are also considered when reviewing the appropriateness of useful economic lives. A decrease in the average useful life by 10% would result in additional depreciation of £0.5 million.

(ii) Fair value of assets acquired and liabilities assumed in a business combination

Business combinations are recorded in accordance with IFRS 3 using the acquisition method. The Group estimates the excess purchase price in accordance with IFRS3 as the difference of the consideration paid for the acquisition and the net asset of the target company at the acquisition date. Under this method, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date. Therefore, through a number of different approaches and with the assistance of external independent valuation experts for acquisitions as considered appropriate by management, the Group identifies what it believes is the fair value of the assets acquired and liabilities assumed at the acquisition date. These valuations involve the use of judgement and include a number of estimates. Specifically in relation to the value of bearer plants this includes assumptions on useful lives, yield profiles, costs and future selling prices of the produce.

(iii) Impairment of assets

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

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which intangible and tangible assets are allocated.

(iv) Biological assets

Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the Directors have made certain assumptions about expected life-span of the plantings, yields, selling prices, costs and discount rates. Details of assumptions made and sensitivity analysis are given in note 19.

(v) Retirement benefit obligations

Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the Income Statement. These figures are particularly sensitive to assumptions for discount rates, life expectancy and inflation rates. Details of assumptions made and sensitivity analysis are given in note 35.

(vi) Taxation and other liabilities

Income tax liabilities include a number of provisions based on management's interpretation of country specific tax law and the likelihood of settlement. This can involve a significant amount of judgement as tax legislation can be complex and open to different interpretation. Management uses professional firms and previous experience when assessing tax risks. Where actual tax liabilities differ from the provisions, adjustments are made which can have a material impact on the Group's profits for the year. It is not practicable to quantify the range of outcomes with the application of sensitivity analyses. Tax provision movements are disclosed in note 9. Significant unprovided contingent tax liabilities are disclosed in note 41.

(vii) Provisions and other liabilities

Provisions include a number of provisions in respect of ongoing wage and bonus negotiations which are based on management's judgement of the expected outcome of these negotiations. Where actual wage and bonus awards differ from the provisions, adjustments are made which can have a material impact on the Group's profits for the year. Provision movements are disclosed in note 33.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

There were no new or amended IFRSs effective for the current year which had a material impact on the financial statements of the Group.

The IFRS interpretations committee (IFRIC) published an agenda decision which clarified how a customer should account for the costs of configuring or customising the suppliers application software in a software as a service arrangement. As a result the Group has revised its accounting policy. This had no material impact on the results.

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

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

IFRS 17	Insurance contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IAS 37	Cost of fulfilling a contract
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Annual Improvements to IFRS 2018-2020	

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

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

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

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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

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

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Annual Improvements to IFRS Standards 2018 – 2020

The Annual Improvements include amendments to four Standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the ‘10 per cent’ test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Business and geographical segments

The principal activities of the Group are as follows:

Agriculture
Engineering
Food Service

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

In addition, the Group holds a number of investments.

Segment information about these businesses is presented below. Following a change in management reporting the figures for 2020 have been restated to move results for Jing Tea to Agriculture from Food Service.

	Agriculture		Engineering		Food Service		Unallocated		Consolidated	
	2021 £'m	2020 £'m Restated	2021 £'m	2020 £'m	2021 £'m	2020 £'m Restated	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Revenue										
External sales	238.8	249.6	15.3	19.3	22.0	21.2	1.1	1.1	277.2	291.2
Adjusted trading profit/(loss)	13.1	16.1	(2.3)	(1.5)	–	0.5	(8.8)	(8.2)	2.0	6.9
Separately disclosed items	0.1	(16.1)	–	–	–	–	(1.2)	–	(1.1)	(16.1)
Trading profit/(loss)	13.2	–	(2.3)	(1.5)	–	0.5	(10.0)	(8.2)	0.9	(9.2)
Share of associates' results	–	–	–	–	–	–	7.2	6.1	7.2	6.1
Profit on disposal of property, plant and equipment	–	14.4	–	–	–	–	–	–	–	14.4
Impairment of intangible assets, investment properties and plant and equipment	–	(0.2)	(0.5)	(1.6)	–	(3.7)	–	(1.0)	(0.5)	(6.5)
Loss on disposal of subsidiaries	–	–	(0.1)	–	–	–	–	–	(0.1)	–
Profit on disposal of financial assets	0.2	0.2	–	–	–	–	–	–	0.2	0.2
Operating profit/(loss)	13.4	14.4	(2.9)	(3.1)	–	(3.2)	(2.8)	(3.1)	7.7	5.0
Comprising										
– adjusted operating profit/(loss) before tax	13.3	16.3	(2.3)	(1.5)	–	0.5	(1.6)	(2.1)	9.4	13.2
– profit on disposal of property, plant and equipment	–	14.4	–	–	–	–	–	–	–	14.4
– costs related to group claims	–	(16.1)	–	–	–	–	–	–	–	(16.1)
– impairment of intangible assets and property, plant and equipment	–	(0.2)	(0.5)	(1.6)	–	(3.7)	–	(1.0)	(0.5)	(6.5)
– Loss on disposal of subsidiaries	–	–	(0.1)	–	–	–	–	–	(0.1)	–
– release of provisions for wage increases	0.6	–	–	–	–	–	–	–	0.6	–
– acquisition costs	–	–	–	–	–	–	(1.2)	–	(1.2)	–
– restructuring costs	(0.5)	–	–	–	–	–	–	–	(0.5)	–
	13.4	14.4	(2.9)	(3.1)	–	(3.2)	(2.8)	(3.1)	7.7	5.0
Investment income									0.5	0.6
Net finance (costs)/income									(1.1)	2.2
Profit before tax									7.1	7.8
Taxation									(2.6)	(8.6)
Profit/(loss) after tax									4.5	(0.8)
Other information										
Segment assets	385.4	355.9	10.6	16.6	18.9	26.2	24.5	20.5	439.4	419.2
Investments in associates									72.6	67.6
Unallocated assets									81.5	95.5
Consolidated total assets									593.5	582.3
Segment liabilities	(77.7)	(61.0)	(8.0)	(11.8)	(5.7)	(5.7)	(0.8)	(2.9)	(92.2)	(81.4)
Unallocated liabilities									(64.0)	(74.9)
Consolidated total liabilities									(156.2)	(156.3)
Capital expenditure	9.4	11.4	0.3	0.6	0.9	1.2	1.0	1.2	11.6	14.4
Depreciation	(11.9)	(12.7)	(1.0)	(1.4)	(1.9)	(1.9)	(0.1)	(0.2)	(14.9)	(16.2)
Amortisation	–	–	–	–	(0.1)	–	–	(0.3)	(0.1)	(0.3)
Impairments	–	(0.2)	(0.5)	(1.6)	–	(3.7)	–	(1.0)	(0.5)	(6.5)

1 Business and geographical segments (continued)

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

Geographical segments

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

United Kingdom
Bangladesh
India
Kenya
Malawi
North America
South Africa
South America

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

	At a point in time		Over time		Total	
	2021	*2020*	2021	*2020*	2021	*2020*
	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*
United Kingdom	52.1	*49.8*	1.0	*1.0*	53.1	*50.8*
Continental Europe	20.2	*26.6*	–	–	20.2	*26.6*
Bangladesh	24.0	*23.3*	–	–	24.0	*23.3*
India	97.9	*99.9*	–	–	97.9	*99.9*
Kenya	32.2	*32.0*	–	–	32.2	*32.0*
Malawi	13.1	*13.7*	0.1	*0.1*	13.2	*13.8*
North America	7.0	*14.7*	–	–	7.0	*14.7*
South Africa	1.5	*2.2*	–	–	1.5	*2.2*
South America	8.5	*6.4*	–	–	8.5	*6.4*
Other	19.6	*21.5*	–	–	19.6	*21.5*
	276.1	*290.1*	1.1	*1.1*	277.2	*291.2*

1 Business and geographical segments (continued)

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

	Carrying amount of segment assets		Additions to property, plant and equipment		Additions to investment properties	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m	2021 £'m	2020 £'m
United Kingdom	113.0	*62.1*	1.5	*2.2*	0.9	*0.9*
Continental Europe	–	*0.8*	–	–	–	–
Bangladesh	64.3	*64.4*	1.9	*1.7*	–	–
India	97.2	*102.9*	2.2	*2.7*	–	–
Kenya	89.5	*89.4*	2.7	*3.7*	–	–
Malawi	46.8	*48.0*	0.1	*0.4*	–	–
Tanzania	2.8	*3.7*	0.9	*1.5*	–	–
North America	0.1	*24.7*	–	–	–	–
South Africa	14.6	*14.2*	1.1	*1.0*	–	–
South America	11.1	*9.0*	0.3	*0.3*	–	–
	439.4	*419.2*	10.7	*13.5*	0.9	*0.9*

2 Revenue

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

	2021 £'m	2020 £'m
Sale of goods	238.8	*247.2*
Distribution and warehousing revenue	22.0	*23.6*
Engineering services revenue	15.3	*19.3*
Property rental revenue	1.1	*1.1*
Total Group revenue	277.2	*291.2*
Other operating income	2.6	*3.0*
Investment income	0.5	*0.6*
Interest income	2.2	*2.3*
Total Group income	282.5	*297.1*

Disaggregation of revenue from contracts with customers:

	At a point in time		Over time	
	2021 £'m	2020 £'m	2021 £'m	2020 £'m
Sale of goods	238.8	*247.2*	–	–
Distribution and warehousing revenue	22.0	*23.6*	–	–
Engineering services revenue	15.3	*19.3*	–	–
Property rental revenue	–	–	1.1	*1.1*
Total Group revenue	276.1	*290.1*	1.1	*1.1*

3 Trading profit/(loss)

	2021 £'m	*2020* *£'m*
The following items have been included in arriving at trading profit/(loss):		
Employment costs (note 13)	117.0	*108.1*
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	163.7	*163.9*
Cost of inventories provision recognised as an expense (included in cost of sales)	0.2	*0.9*
Fair value gain included in Made Tea	0.2	*0.1*
Depreciation of property, plant and equipment:		
Owned assets	13.3	*15.2*
Right-of-use assets	1.6	*1.0*
Amortisation of intangibles (included in administrative expenses)	0.1	*0.3*
Gain from change in fair value of non-current biological assets	1.5	*0.4*
Loss on disposal of property, plant and equipment	–	*(0.1)*
Repairs and maintenance expenditure on property, plant and equipment	7.9	*2.1*
Government grant income (included in other operating income)	0.4	*0.8*

During the year the Group benefited from £0.4 million (2020: £0.8 million) of government grants in the form of the UK Coronavirus Job Retention Scheme. In accordance with our accounting policy this credit is included in other operating income within the Income Statement over the same period as the staff costs for which it compensates.

	2021 £'m	*2020* *£'m*
Currency exchange (gains)/losses (credited)/charged to income include:		
Revenue	–	*(0.1)*
Distribution costs	–	*(0.1)*
Administrative expenses	0.2	*(0.1)*
Finance income and costs	(0.4)	*(2.2)*
	(0.2)	*(2.5)*

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

	2021 £'m	*2020* *£'m*
Audit services:		
Statutory audit:		
Parent company and consolidated financial statements	0.3	*0.2*
Subsidiary companies	0.8	*0.6*
	1.1	*0.8*
Tax compliance services	–	*0.1*
	1.1	*0.9*

4 Adjusted profit

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

The following items have been excluded from the adjusted profit measure and have been separately disclosed:

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

In 2020, the following items were excluded from the adjusted profit measure and have been separately disclosed:

- A £14.4 million profit from the disposal of the property, plant and equipment owned by Horizon Farms
- £16.1 million of legal and other costs relating to the defence of the litigation concerning our East African operations, including the settlements of up to £4.6 million in relation to the Kenyan claims and £2.3 million in relation to the Malawian claims
- Impairment charges in relation to the Jing Tea brand, investment properties, plant and equipment at Abbey Metal Finishing and at Atfin and elsewhere in the UK totalling £6.5 million

5 Share of associates' results

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

	2021 £'m	*2020* *£'m*
Profit before tax	7.6	*6.7*
Taxation	(0.4)	*(0.6)*
Profit after tax	7.2	*6.1*

6 Profit on disposal of property, plant and equipment

In 2020, a £14.4 million profit was realised from the disposal of the property, plant and equipment owned by Horizon Farms in California. Total cash consideration was £21.6 million.

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

Abbey Metal Finishing was a UK subsidiary and with its German subsidiary Atfin provided specialist coating services for the aerospace sector. These companies operations continued to be affected in 2021 by the pandemic and the measures taken to contain it. These measures, which included a significant lockdown period and curtailments to travel, constituted a triggering event leading to an impairment test in the interim condensed financial statements for the six months ended 30 June 2021, which resulted in a property, plant and equipment impairment of £0.5 million (2020: £1.6 million). These companies were subsequently sold in the second half of 2021.

In 2020, £4.9 million of impairment charges were recognised in relation to the Jing Tea brand, investment properties and property, plant and equipment elsewhere in the UK.

8 Finance income and costs

	2021 £'m	*2020* *£'m*
Interest payable on loans and bank overdrafts	(1.1)	*(0.9)*
Interest payable on leases	(0.7)	*(0.7)*
Other interest payable	(1.1)	*–*
Finance costs	(2.9)	*(1.6)*
Finance income – interest income on short-term bank deposits	2.2	*2.3*
Net exchange gain on foreign cash balances	0.4	*2.2*
Employee benefit expense (note 35)	(0.8)	*(0.7)*
Net finance (costs)/income	(1.1)	*2.2*

Other interest payable relates to interest on unpaid withholding taxes.

9 Taxation

Analysis of charge in the year	2021		2020
	£'m	£'m	£'m
Current tax			
UK corporation tax			
UK corporation tax at 19.00 per cent. (2020: 19.00 per cent.)	0.2		*0.3*
Double tax relief	(0.2)		*(0.3)*
Use of losses to shelter capital gain on disposal of financial assets	(2.2)		–
Adjustment in respect of prior years	(0.2)		–
		(2.4)	–
Foreign tax			
Corporation tax	6.3		*13.2*
Adjustment in respect of prior years	0.9		–
		7.2	*13.2*
Total current tax		4.8	*13.2*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	(1.5)		*(0.7)*
? ?Overseas	(0.7)		*(3.9)*
		(2.2)	*(4.6)*
Tax on profit on ordinary activities		2.6	*8.6*

Factors affecting tax charge for the year		
Profit on ordinary activities before tax	7.1	*7.8*
Share of associated undertakings profit	(7.2)	*(6.1)*
Group profit on ordinary activities before tax	(0.1)	*1.7*
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19.00 per cent. (2020: 19.00 per cent.)	–	*0.3*
Effects of:		
Adjustment to tax in respect of prior years	0.7	–
Expenses not deductible for tax purposes	1.2	*0.3*
Adjustment in respect of foreign tax rates	0.9	*2.5*
Additional tax arising on dividends from overseas companies	0.5	*0.5*
Other income not charged to tax	(0.3)	*(0.6)*
Change in deferred tax not recognised	(3.7)	–
Increase in tax losses carried forward	3.1	*6.0*
Movement in other timing differences	0.2	*(0.4)*
Total tax charge for the year	2.6	*8.6*

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

9 Taxation (continued)

The tax charge includes a credit of £0.1 million (2020: £0.7 million) relating to the recognition of deferred tax losses able to be utilised to offset gains in value of financial assets at fair value through other comprehensive income where the related equal and opposite charge arises in the Statement of Comprehensive Income.

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

In 2020, losses arising in the UK, including legal and other costs relating to the defense of the litigation concerning our East African operations, gave rise to a significant increase in losses carried forward which cannot be recognised as a deferred tax asset.

In 2020, a £14.4 million profit on disposal of the property, plant and equipment owned by Horizon Farms gave rise to a corporation tax charge of £5.6 million offset by a release of deferred tax of £1.7 million.

10 Profit for the year

	2021 £'m	*2020* *£'m*
The profit of the Company was:	6.5	*4.5*

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

11 Equity dividends

	2021 £'m	*2020* *£'m*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2020 of 144p (2019: nil) per share	4.0	*–*
Interim dividend for the year ended 31 December 2021 of 44p (2020: nil) per share	1.2	*–*
Special interim dividend for the year ended 31 December 2021 of nil (2020: 102p) per share	–	*2.8*
	5.2	*2.8*

Dividends amounting to £0.1 million (2020: £0.1 million) 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 2021 of 102p (2020: 144p) per share	2.8	*4.1*

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

12 Earnings /(loss) per share (EPS)

	Earnings £'m	2021 Weighted average number of shares Number	EPS Pence	*Loss £'m*	*2020 Weighted average number of shares Number*	*EPS Pence*
Basic and diluted EPS						
Attributable to ordinary shareholders	2.3	2,762,000	83.3	*(5.0)*	*2,762,000*	*(181.0)*

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 36).

13 Employees

	2021 Number	*2020 Number*
Average number of employees by activity:		
Agriculture	77,982	*75,522*
Engineering	204	*223*
Food Service	296	*282*
Central Management	32	*33*
	78,514	*76,060*

	2021 £'m	*2020 £'m*
Employment costs:		
Wages and salaries	106.5	*97.1*
Social security costs	2.5	*2.4*
Employee benefit obligations (note 35) – UK	1.4	*1.8*
– Overseas	6.6	*6.8*
	117.0	*108.1*

Total remuneration paid to key employees who are members of the Executive Committees, excluding Directors of Camellia Plc, amounted to £2.4 million (2020: £2.5 million).

14 Emoluments of the directors

	2021 £'m	*2020 £'m*
Aggregate emoluments excluding pension contributions	2.0	*2.0*

Emoluments of the highest paid director excluding pension contributions were £0.7 million (2020: £0.7 million).

Further details of directors' emoluments are set out on pages 45 to 46.

15 Intangible assets

Group	Goodwill £'m	Brands £'m	Computer software £'m	Total £'m
Cost				
At 1 January 2020	1.4	8.8	2.3	12.5
Exchange differences	(0.1)	(0.1)	–	(0.2)
Additions	–	–	0.3	0.3
At 1 January 2021	1.3	8.7	2.6	12.6
Subsidiaries joining the group	3.6	–	–	3.6
Disposals	–	–	(1.3)	(1.3)
At 31 December 2021	4.9	8.7	1.3	14.9
Amortisation				
At 1 January 2020	0.3	–	1.9	2.2
Charge for the year	–	–	0.3	0.3
Impairment provision	–	3.5	–	3.5
At 1 January 2021	0.3	3.5	2.2	6.0
Charge for the year	–	–	0.1	0.1
Disposals	–	–	(1.3)	(1.3)
At 31 December 2021	0.3	3.5	1.0	4.8
Net book value at 31 December 2021	4.6	5.2	0.3	10.1
Net book value at 31 December 2020	1.0	5.2	0.4	6.6

In accordance with the Group's accounting policy, goodwill and intangible assets are tested annually for impairment. There was no indication of impairment for the year to 31 December 2021 (2020: £nil).

Goodwill consists of the following:

Segment	*Cash Generating Unit (CGU)*	*2021 Net Book Value £'m*	*2020 Net Book Value £'m*
Agriculture	Tea estates acquired in Assam, India	1.0	*1.0*
	Bardsley England	3.6	–
		4.6	*1.0*

15 Intangible assets (continued)

Bardsley England

The valuation of Bardsley England has been assessed and the recoverable value was considered to exceed the carrying value by £4.3 million. The valuation is based on discounted cash flows, is sensitive to input assumptions particularly in relation to the rate of growth of partner grower volumes and net margins. The key assumptions and sensitivities are set out below:

	Assumption	Change in assumption Impact on impairment +1% £'m	-1% £'m
Rate of growth of partner grower volumes	5.0%	0.7	(0.7)
Discount rate	9.2%	2.3	(3.0)

If forecasted margins were to change by +/-1% in every year it would have the effect of a decrease /increase in the impairment of £3.3 million.

Tea estates acquired in Assam, India

The recoverable value was considered to exceed the carrying value by £0.3 million. The valuation is based on multiples of the annual average production of the relevant estates. The multiple would need to decrease by 8% for any impairment to arise.

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

Indian brands

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

Jing Tea

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

	Assumption	Change in assumption Impact on impairment +1% £m	-1% £'m
Royalty rate	4.2%	(0.8)	0.8
Discount rate	10.2%	0.4	(0.4)

If forecasted revenues were to change by +/-1 % in every year it would have the effect of a decrease/increase in the impairment of £0.1 million.

16 Property, plant and equipment

Group	Bearer plants £'m	Land and buildings £'m	Plant and machinery £'m	Fixtures, fittings and equipment £'m	Total £'m
Deemed cost					
At 1 January 2020	141.3	109.0	114.1	18.9	383.3
Exchange differences	(8.5)	(4.6)	(5.7)	(0.7)	(19.5)
Additions	3.7	4.0	4.3	1.5	13.5
Disposals	(5.7)	(1.1)	(6.8)	(0.6)	(14.2)
Reclassification to investment properties	–	(0.1)	–	–	(0.1)
At 1 January 2021	130.8	107.2	105.9	19.1	363.0
Exchange differences	(3.0)	(1.2)	(1.6)	(0.2)	(6.0)
Additions	4.5	2.0	3.5	0.7	10.7
Disposals	–	(0.1)	(2.5)	(0.5)	(3.1)
Transfer between categories	0.3	0.6	0.7	(1.6)	–
Subsidiaries joining the group	3.0	10.2	5.8	0.5	19.5
Reclassification to investment properties	–	(3.1)	–	–	(3.1)
Reclassification to right-of-use assets	–	(1.2)	(0.4)	–	(1.6)
Reclassification to held for sale	–	(3.6)	(8.1)	(1.9)	(13.6)
At 31 December 2021	135.6	110.8	103.3	16.1	365.8
Depreciation					
At 1 January 2020	26.7	52.3	73.1	8.7	160.8
Exchange differences	(2.0)	(1.7)	(3.5)	(0.4)	(7.6)
Charge for the year	5.3	2.5	6.4	1.0	15.2
Disposals	(1.4)	(0.2)	(4.7)	(0.2)	(6.5)
Impairment provision	–	–	1.6	1.2	2.8
At 1 January 2021	28.6	52.9	72.9	10.3	164.7
Exchange differences	(0.8)	(0.3)	(0.8)	(0.2)	(2.1)
Charge for the year	4.4	2.3	5.8	0.8	13.3
Disposals	–	(0.1)	(2.1)	(0.4)	(2.6)
Transfer between categories	–	1.4	(0.4)	(1.0)	–
Reclassification to right-of-use assets	–	–	(0.3)	–	(0.3)
Reclassification to held for sale	–	(1.5)	(8.1)	(0.2)	(9.8)
Impairment provision	–	–	0.5	–	0.5
At 31 December 2021	32.2	54.7	67.5	9.3	163.7
Net book value at 31 December 2021	103.4	56.1	35.8	6.8	202.1
Net book value at 31 December 2020	102.2	54.3	33.0	8.8	198.3

The plant and machinery impairment provision of £0.5 million related to Abbey Metal Finishing and its subsidiary company Atfin and arose due to the impact of COVID on the aerospace industry. Assets were subsequently reclassified to held for sale.

The amount of expenditure for property, plant and equipment in the course of construction (including immature bearer plants) amounted to £4.7 million (2020: £4.7 million).

Reclassification to right-of-use assets arose from changes in land registration in Tanzania.

17 Right–of–use assets

	Land and buildings £'m	Plant and machinery £'m	Total £'m
Group			
Deemed cost			
At 1 January 2020	19.0	0.6	19.6
Exchange differences	(0.5)	–	(0.5)
Additions	0.4	0.1	0.5
Businesses joining the group	(1.0)	(0.1)	(1.1)
At 1 January 2021	17.9	0.6	18.5
Exchange differences	(0.1)	–	(0.1)
Additions	0.6	1.0	1.6
Disposals	(0.5)	(0.2)	(0.7)
Reclassification from property, plant and equipment	1.2	0.4	1.6
Reclassification to held for sale	(3.6)	–	(3.6)
Subsidiaries joining the group	14.0	0.6	14.6
At 31 December 2021	29.5	2.4	31.9
Depreciation			
At 1 January 2020	0.9	0.2	1.1
Exchange differences	(0.1)	–	(0.1)
Charge for the year	0.8	0.2	1.0
Disposals	(0.1)	–	(0.1)
At 1 January 2021	1.5	0.4	1.9
Charge for the year	1.2	0.4	1.6
Disposals	(0.4)	(0.1)	(0.5)
Reclassification from property, plant and equipment	–	0.3	0.3
Reclassification to held for sale	(0.2)	–	(0.2)
At 31 December 2021	2.1	1.0	3.1
Net book value at 31 December 2021	27.4	1.4	28.8
Net book value at 31 December 2020	16.4	0.2	16.6

The Group leases many assets including land, buildings and plant. The average lease term is 69 years (2020: 99 years).

Leases that expired in the year and were replaced by new leases for identical or the same underlying assets resulted in additions to right-of-use assets of £1.0 million (2020: £0.1 million).

The maturity analysis of lease liabilities is presented in note 32.

	2021 £'m	*2020 £'m*
Amounts recognised in the consolidated income statement:		
Interest expense on lease liabilities	0.7	*0.7*
Expense relating to short-term leases	0.1	*0.1*

18 Investment properties

	£'m
Group	
Cost	
At 1 January 2020	19.5
Additions	0.9
Reclassification from property, plant and equipment	0.1
At 1 January 2021	20.5
Additions	0.9
Reclassification from property, plant and equipment	3.1
At 31 December 2021	24.5
Depreciation	
At 1 January 2020	1.2
Charge for the year	–
Impairment provision	0.2
At 1 January 2021	1.4
Charge for the year	–
At 31 December 2021	1.4
Net book value at 31 December 2021	23.1
Net book value at 31 December 2020	19.1

Included in revenue is £1.1 million (2020: £1.1 million) of rental income generated from investment properties. Direct operating expenses relating to the investment property, the majority of which generated rental income in the period, amounted to £0.2 million (2020: £0.1 million).

At the end of the year the fair value of Investment properties was £34.4 million (2020: £23.9 million) based on vacant possession. Investment properties were valued by the Directors (fair value hierarchy Level 2).

19 Biological assets

Non-current:	Forestry £'m	Livestock £'m	Total £'m
Group			
At 1 January 2020	13.5	1.1	14.6
Exchange differences	(1.4)	(0.1)	(1.5)
Additions	0.2	–	0.2
Gains arising from changes in fair value less estimated point-of-sale costs	0.1	0.3	0.4
Decreases due to harvesting	(0.7)	(0.3)	(1.0)
At 1 January 2021	11.7	1.0	12.7
Exchange differences	(0.3)	–	(0.3)
Additions	0.4	–	0.4
Gains arising from changes in fair value less estimated point-of-sale costs	1.1	0.4	1.5
Decreases due to harvesting	(0.5)	(0.4)	(0.9)
At 31 December 2021	12.4	1.0	13.4

Agricultural activity is exposed to financial risks arising from adverse climatic events, changes in market price and crop yields. The Group's largely overseas activities also give exposure to foreign currency movement risk. The Group takes reasonable steps to ensure that harvests are not affected by climatic and natural events, pest and disease or any other factors that may negatively impact on the quality and yields obtained.

Current:	2021 £'m	*2020 £'m*
Group		
Tea	0.2	*0.4*
Edible nuts	2.2	*2.0*
Soya	3.6	*2.9*
Avocado	1.5	*1.8*
Other	0.3	*–*
	7.8	*7.1*

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

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

As at 31 December 2021 the area planted to Forestry amounted to 5,788 Hectares (2020: 5,877) from which 157,687 cubic metres (2020: 203,541) were harvested during the year.

Livestock numbers were 4,332 head (2020: 4,529) at 31 December 2021.

19 Biological assets (continued)

Fair value measurement

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

The basis upon which the valuations are determined is set out in accounting policies on page 58.

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

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

Non-current:

– Forestry – a 10% movement in the market price for trees or volume of trees assumed would result in a £1.2 million (2020: £1.2 million) increase/decrease in the fair value of forestry.

Current:

– Macadamia – a 10% increase/decrease in the volumes assumed would result in a £0.9 million (2020: £0.9 million) increase/decrease in the fair value of macadamia growing crop. A 10% increase/decrease in selling price assumed for macadamia would result in a £0.9 million (2020: £0.9 million) increase/decrease in the fair value.

– Avocados – a 10% increase/decrease in the volume or the price assumed would result in a £0.2 million (2020: £0.2 million) increase/decrease in the fair value of Hass avocados growing crop.

– Soya – a 10% increase/decrease in the volume or the price assumed would result in a £0.4 million (2020: £0.3 million) increase/decrease in the fair value of soya growing crop.

Financial risk management strategies

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

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

20 Investments in subsidiaries

	2021 £'m	*2020* *£'m*
Company		
Cost		
At 1 January and 31 December	73.5	*73.5*

21 Investments in associates

	2021 £'m	*2020 £'m*
Group		
At 1 January	93.7	*92.9*
Exchange differences	0.8	*(3.0)*
Share of profit (note 5)	7.2	*6.1*
Dividends	(3.0)	*(3.2)*
Additions	–	*0.3*
Other equity movements	0.2	*0.6*
At 31 December	98.9	*93.7*
Provision for diminution in value		
At 1 January	26.1	*26.9*
Exchange differences	0.2	*(0.8)*
At 31 December	26.3	*26.1*
Net book value at 31 December	72.6	*67.6*

Details of the Group's associates are shown in note 43.

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

	Country of incorporation	Assets £'m	Liabilities £'m	Revenues £'m	Profit £'m	Interest held %	Market value £'m
2021							
Listed							
BF&M	Bermuda	684.2	(597.9)	58.1	6.4	37.4	57.7
United Finance Limited	Bangladesh	84.6	(74.7)	2.8	0.7	38.4	13.0
United Insurance Company Limited	Bangladesh	4.3	(1.6)	0.3	0.1	37.0	9.3
		773.1	(674.2)	61.2	7.2		80.0
2020							
Listed							
BF&M	Bermuda	*630.2*	*(549.0)*	*68.1*	*5.2*	*37.6*	*49.7*
United Finance Limited	Bangladesh	*70.7*	*(60.8)*	*2.8*	*0.7*	*38.4*	*11.0*
United Insurance Company Limited	Bangladesh	*4.0*	*(1.4)*	*0.4*	*0.2*	*37.0*	*7.8*
		704.9	*(611.2)*	*71.3*	*6.1*		*68.5*

22 Financial assets at fair value through other comprehensive income

	Group		Company	
	2021	*2020*	2021	*2020*
	£'m	*£'m*	£'m	*£'m*
At 1 January	43.8	*40.0*	0.2	*0.2*
Exchange differences	–	*(1.5)*	–	–
Fair value adjustment	0.8	*2.3*	–	–
Additions	3.5	*6.5*	–	–
Disposals	(8.1)	*(2.4)*	–	–
Fair value adjustment for disposal	(11.6)	*(1.1)*	–	–
At 31 December	28.4	*43.8*	0.2	*0.2*
Provision for diminution in value				
At 1 January	1.2	*2.2*	0.2	*0.2*
Exchange differences	–	–	–	–
Disposals	(0.5)	*(1.0)*	–	–
At 31 December	0.7	*1.2*	0.2	*0.2*
Net book value at 31 December	27.7	*42.6*	–	–

Disposals arose to support Group strategy.

Financial assets at fair value through other comprehensive income include the following:

	Group	
	2021	*2020*
	£'m	*£'m*
Listed securities:		
Equity securities – Bermuda	0.6	*0.8*
Equity securities – Japan	8.3	*19.1*
Equity securities – Switzerland	9.0	*12.7*
Equity securities – US	2.7	*4.0*
Equity securities – India	0.8	*0.7*
Equity securities – Europe	0.4	*0.1*
Equity securities – United Kingdom	5.3	*4.7*
Equity securities – Other	0.6	*0.5*
	27.7	*42.6*

22 Financial assets at fair value through other comprehensive income (continued)

Financial assets at fair value through other comprehensive income are denominated in the following currencies:

	Group	
	2021	*2020*
	£'m	*£'m*
Sterling	5.3	*4.7*
US Dollar	2.7	*4.0*
Euro	0.4	*0.1*
Swiss Franc	9.0	*12.7*
Indian Rupee	0.8	*0.7*
Bermudian Dollar	0.6	*0.8*
Japanese Yen	8.3	*19.1*
Other	0.6	*0.5*
	27.7	*42.6*

23 Financial assets at fair value through profit or loss

	Group 2021 £'m	2020 £'m
At 1 January	5.3	*6.2*
Exchange differences	–	*(0.2)*
Fair value adjustment	0.1	*0.1*
Additions	5.4	*5.9*
Disposals	(0.9)	*(6.7)*
At 31 December	9.9	*5.3*

Financial assets at fair value through profit or loss include the following:

	Group 2021 £'m	2020 £'m
Listed securities:		
Money market – Bermuda	1.6	*1.6*
Money market – India	8.3	*3.6*
Money market – Switzerland	–	*0.1*
	9.9	*5.3*

Financial assets at fair value through profit or loss are denominated in the following currencies:

	Group 2021 £'m	2020 £'m
US Dollar	1.6	*1.7*
Indian Rupee	8.3	*3.6*
	9.9	*5.3*
Current	2.7	*–*
Non-Current	7.2	*5.3*
	9.9	*5.3*

24 Financial assets at amortised cost

	Group 2021 £'m	2020 £'m
At 1 January	2.7	*3.0*
Exchange differences	(0.1)	*(0.3)*
Disposals	–	*–*
At 31 December	2.6	*2.7*

24 Financial assets at amortised cost (continued))

Financial assets at amortised cost comprises:

	2021 £'m	*2020 £'m*
Treasury infrastructure bonds – 12.2% to 12.5% interest payable twice yearly and redeemable in November 2022 – Kenya	1.3	*1.4*
Treasury infrastructure bonds – 12.2% to 12.5% interest payable twice yearly and redeemable in November 2024 – Kenya	1.3	*1.3*
	2.6	*2.7*
Current	1.3	*–*
Non-Current	1.3	*2.7*
	2.6	*2.7*

25 Other investments – heritage assets

	Group		Company	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Cost				
At 1 January	9.8	*9.8*	11.0	*11.0*
Disposals	(0.1)	*–*	(0.1)	*–*
Reclassification to held for sale	(1.0)	*–*	(2.1)	*–*
At 31 December	8.7	*9.8*	8.8	*11.0*

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

	2021 £'m	*2020 £'m*
Group		
Made Tea	25.7	*28.3*
Other agricultural produce	7.8	*4.7*
Work in progress	0.1	*0.1*
Trading stocks	1.1	*0.5*
Raw materials and consumables	17.0	*13.9*
	51.7	*47.5*

Made tea inventories include the fair value of green leaf which includes a fair value uplift of £0.2 million (2020: £0.1 million).

27 Trade and other receivables

	Group 2021 £'m	Group *2020* *£'m*	Company 2021 £'m	Company *2020* *£'m*
Group				
Current:				
Trade receivables	32.7	*31.3*	–	–
Amounts owed by associated undertakings	0.1	*0.1*	–	–
Other receivables	4.8	*5.4*	–	*0.6*
Prepayments and accrued income	10.9	*6.9*	0.2	–
	48.5	*43.7*	0.2	*0.6*
Non–current:				
Other receivables	2.7	*2.4*	–	–
	2.7	*2.4*	–	–

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

	2021 £'m	*2020* *£'m*	2021 £'m	*2020* *£'m*
Current:				
Sterling	17.8	*11.6*	0.2	*0.6*
US Dollar	3.5	*4.8*	–	–
Euro	0.8	*0.3*	–	–
Kenyan Shilling	2.6	*2.3*	–	–
Indian Rupee	16.8	*19.7*	–	–
Malawian Kwacha	1.5	*1.5*	–	–
Bangladesh Taka	2.1	*2.0*	–	–
South African Rand	0.2	*0.2*	–	–
Brazilian Real	2.5	*0.7*	–	–
Other	0.7	*0.6*	–	–
	48.5	*43.7*	0.2	*0.6*
Non–current:				
Sterling	0.3	–		
Kenyan Shilling	0.5	*0.5*		
Indian Rupee	1.4	*1.2*		
Malawian Kwacha	0.3	*0.4*		
Bangladesh Taka	0.2	*0.3*		
	2.7	*2.4*		

Included within trade receivables is a provision for expected credit losses of £0.8 million (2020: £0.6 million). All other trade receivables are with normal trading partners and there is no history of defaults.

27 Trade and other receivables (continued)

Trade receivables include receivables of £6.4 million (2020: £5.1 million) 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:

	2021 £'m	*2020 £'m*
Up to 30 days	4.1	*2.2*
30-60 days	0.8	*0.6*
60-90 days	0.3	*0.7*
Over 90 days	1.2	*1.6*
	6.4	*5.1*

28 Cash and cash equivalents (excluding bank overdrafts)

	Group		Company	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Cash at bank and in hand	25.9	*57.8*	0.7	–
Short-term bank deposits	35.3	*39.6*	–	–
Short-term liquid investments	0.6	*1.1*	–	–
	61.8	*98.5*	0.7	–

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

	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Cash and cash equivalents	61.8	*98.5*	0.7	–
Bank overdrafts (note 31)	(1.9)	*(3.6)*	–	–
	59.9	*94.9*	0.7	–

	2021	*2020*
Effective interest rate:		
Short-term deposits	0.01 - 10.25%	*0.01 - 9.00%*
Short-term liquid investments	3.00 - 4.00%	*2.50 - 7.00%*
Average maturity period:		
Short-term deposits	67 days	*73 days*
Short-term liquid investments	32 days	*31 days*

29 Assets classified as held for sale/liabilities related to assets classified as held for sale

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

	Group		Company	
	2021 £'m	*2020* *£'m*	2021 £'m	*2020* *£'m*
Reclassified from property, plant and equipment	3.8	–	–	–
Reclassified from right-of-use assets	3.4	–	–	–
Reclassified from heritage assets	1.0	–	2.1	–
Reclassified from current assets	0.7	–	–	–
	8.9	–	2.1	–
Disposal of subsidiaries during year	(2.3)	–	–	–
At 31 December	6.6	–	2.1	–

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

Reclassified from lease liabilities	2.0	–	–	–

At 31 December 2021, the assets and related lease liability of two London properties owned by the Group have been classified as held for sale. Since the year end, one of these properties has been sold. In addition, a number of the Group's and Company's heritage assets and other items of art are being marketed for sale during 2022.

30 Trade and other payables

	Group		Company	
	2021 £'m	*2020* *£'m*	2021 £'m	*2020* *£'m*
Current:				
Trade payables	18.1	*22.4*	0.1	*0.1*
Other taxation and social security	4.8	*1.1*	–	–
Other payables	26.8	*20.2*	0.2	*0.1*
Accruals and deferred income	9.5	*7.2*	0.6	*0.6*
	59.2	*50.9*	0.9	*0.8*

Included in other taxation and social security is £0.1 million (2020: £0.7 million) of VAT payable by the UK operations which was deferred from Q1 2020 as part of the UK Government deferral scheme in relation to COVID and was fully repaid by the end of February 2022.

31 Financial liabilities – borrowings

	2021 £'m	*2020 £'m*
Group		
Current:		
Bank overdrafts	1.9	*3.6*
Bank loans	1.4	*2.1*
	3.3	*5.7*
Current borrowings include the following amounts secured on property, plant and equipment and investment properties:		
Bank overdrafts	0.3	*2.0*
Bank loans	1.4	*2.1*
	1.7	*4.1*
Non-current:		
Bank loans	4.5	*2.7*
Non-current borrowings include the following amounts secured on plant and equipment and investment properties:		
Bank loans	4.5	*2.7*
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	3.3	*5.7*
Between 1 – 2 years	0.7	*0.4*
Between 2 – 5 years	1.2	*1.2*
After 5 years	2.6	*1.1*
	7.8	*8.4*

The rates of interest payable by the Group ranged between:

	2021 %	*2020 %*
Bank overdrafts	3.25 – 16.50	*1.60 – 17.50*
Bank loans	6.90 – 7.55	*3.03 – 8.50*

32 Lease liabilities

	2021 £'m	*2020 £'m*
Group		
Maturity analysis of lease liabilities is as follows:		
Within one year	3.2	*1.2*
Between 1 – 2 years	2.3	*1.1*
Between 2 – 5 years	5.0	*2.3*
Onwards	14.2	*6.9*
	24.7	*11.5*
Analysed as:		
Current	3.2	*1.2*
Non-current	21.5	*10.3*
	24.7	*11.5*

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

33 Provisions

	Wages and salaries £'m	*Legal claims £'m*	Others £'m	*Total £'m*
Group				
At 1 January 2020	7.7	–	1.2	8.9
Exchange differences	(0.5)	–	–	(0.5)
Utilised in the period	(7.3)		(0.3)	(7.6)
Provided in the period	10.5	8.2	0.2	18.9
Unused amounts reversed in period	(0.7)	–	–	(0.7)
At 1 January 2021	9.7	8.2	1.1	19.0
Exchange differences	(0.1)	(0.1)	–	(0.2)
Utilised in the period	(7.6)	(6.9)	(0.4)	(14.9)
Provided in the period	7.7	–	0.3	8.0
Subsidiaries joining the group	–	–	0.5	0.5
Unused amounts reversed in period	(0.6)	–	–	(0.6)
At 31 December 2021	9.1	1.2	1.5	11.8
Current:				
At 31 December 2021	9.1	1.2	1.5	11.8
At 31 December 2020	9.7	8.2	1.1	19.0

The wages and salaries provisions are in respect of ongoing wage and bonus negotiations in India and Bangladesh, the majority of which are expected to be utilised during 2022.

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

Others relate to provisions for claims and dilapidations.

33 Provisions (continued)

	Legal claims £'m	Total £'m
Company		
At 1 January 2020	–	–
Provided in the period	1.9	1.9
At 1 January 2021	1.9	1.9
Utilised in the period	(1.9)	(1.9)
At 31 December 2021	–	–
Current:		
At 31 December 2021	–	–
At 31 December 2020	1.9	1.9

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

34 Deferred tax

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

	Group 2021 £'m	Group *2020 £'m*	Company 2021 £'m	Company *2020 £'m*
At 1 January	39.5	*47.1*	0.2	*0.2*
Exchange differences	(1.0)	*(3.1)*	–	–
Credited to the income statement	(2.2)	*(4.6)*	–	–
Charged to other comprehensive income	1.7	*0.1*	–	–
At 31 December	38.0	*39.5*	0.2	*0.2*

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

34 Deferred tax (continued)

Deferred tax liabilities

	Accelerated tax depreciation £'m	Pension scheme liabilities £'m	Other £'m	Total £'m
At 1 January 2020	51.3	–	4.3	55.6
Exchange differences	(3.6)	–	0.1	(3.5)
Credited to the income statement	(3.4)	–	(0.7)	(4.1)
Charged to other comprehensive income	–	–	0.7	0.7
At 1 January 2021	44.3	–	4.4	48.7
Exchange differences	(1.1)	–	(0.1)	(1.2)
(Credited)/charged to the income statement	(0.7)	–	0.2	(0.5)
Charged/(credited) to other comprehensive income	–	3.7	(2.2)	1.5
At 31 December 2021	42.5	3.7	2.3	48.5
Deferred tax assets offset				(10.5)
Net deferred tax liability after offset				38.0

Deferred tax assets

	Tax losses £'m	Pension scheme asset £'m	Other £'m	Total £'m
At 1 January 2020	4.5	0.3	3.7	8.5
Exchange differences	–	(0.1)	(0.3)	(0.4)
Credited/(charged) to the income statement	0.3	(0.4)	0.6	0.5
Credited to other comprehensive income	–	0.6	–	0.6
At 1 January 2021	4.8	0.4	4.0	9.2
Exchange differences	(0.1)	–	(0.1)	(0.2)
Credited/(charged) to the income statement	1.7	0.1	(0.1)	1.7
Charged to other comprehensive income	–	(0.2)	–	(0.2)
At 31 December 2021	6.4	0.3	3.8	10.5
Offset against deferred tax liabilities				(10.5)
Net deferred tax asset after offset				–

Deferred tax liabilities of £14.7 million (2020: £25.5 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

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 £18.4 million (2020: £15.5 million) in respect of losses that can be carried forward against future taxable income.

35 Employee benefit obligations

(i) Pensions

Certain Group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the Group. The performance of the assets is monitored on a regular basis by the trustees and their investment advisors. A full actuarial valuation was undertaken as at 1 July 2020 and updated to 31 December 2021 by a qualified independent actuary. The UK defined benefit pension scheme is closed to new entrants and with effect from 1 November 2016, the scheme was closed to future accruals. Since that date members have participated in a defined contribution scheme.

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

Assumptions

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

	2021 % per annum	*2020* *% per annum*
UK schemes		
Rate of increase in salaries	N/a	*N/a*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.50 – 5.00	*2.05 – 5.00*
Discount rate applied to scheme liabilities	1.75	*1.25*
Inflation assumption (CPI/RPI)	2.50/3.20	*2.05/2.75*

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are SAPS 3, males 113%/106% and females 112%/108%, on a year of birth basis, with CMI_2020 future improvement factors and subject to a long-term annual rate of future improvement of 1.25% per annum, smoothing parameter of 7.0, initial addition parameter of 0.25% pa and w2020 parameter of 10%. This results in males and females aged 65 having life expectancies of 21.5 years (2020: 21.6 years) and 22.3 years respectively (2020: 22.5 years).

	2021 % per annum	*2020* *% per annum*
Overseas schemes		
Rate of increase in salaries	6.00	*3.00- 6.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 – 3.00	*0.00 – 3.00*
Discount rate applied to scheme liabilities	6.50- 6.80	*5.80- 6.25*
Inflation assumption	3.00- 6.00	*3.00- 6.00*

35 Employee benefit obligations (continued)

(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:

	2021 % per annum	*2020* *% per annum*
Rate of increase in salaries	6.00 – 8.89	3.00 – 20.00
Discount rate applied to scheme liabilities	6.50 – 13.70	5.80 – 13.30
Inflation assumptions	0.00 – 6.00	0.00 – 6.00

(iii) Leave obligations

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

(iv) Profit sharing obligations

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

Sensitivity analysis

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

	Change in assumption	Impact on defined benefit obligation
Discount rate	0.5% higher	6.7% decrease
Discount rate	0.5% lower	7.5% increase
Rate of RPI inflation	0.25% higher	1.4% increase
Rate of RPI inflation	0.25% lower	1.6% decrease
Life expectancy	+1 year	4.5% increase
Life expectancy	–1 year	4.5% decrease

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

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

35 Employee benefit obligations (continued)

Duration of the scheme liabilities

The weighted average duration of the UK scheme's liabilities is 15 years.

Analysis of scheme liabilities

The liabilities of the UK scheme are split as follows:

	%
Deferred pensioners	40
Current pensioners	60
Total membership	100

(v) Actuarial valuations

	2021 UK £'m	2021 Overseas £'m	2021 Total £'m	*2020 UK £'m*	*2020 Overseas £'m*	*2020 Total £'m*
Equities and property	57.9	2.8	60.7	*57.0*	*1.9*	*58.9*
Bonds	16.3	23.5	39.8	*74.4*	*23.0*	*97.4*
Liability-driven investment	60.8	–	60.8	–	–	–
Diversified growth	45.4	–	45.4	*42.9*	–	*42.9*
Insurance related products	–	3.2	3.2	–	–	–
Cash	18.9	12.5	31.4	*21.7*	*15.2*	*36.9*
Total fair value of plan assets	199.3	42.0	241.3	*196.0*	*40.1*	*236.1*
Present value of defined benefit obligations	(184.6)	(51.6)	(236.2)	*(203.0)*	*(49.7)*	*(252.7)*
Total surplus/(deficit) in the schemes	14.7	(9.6)	5.1	*(7.0)*	*(9.6)*	*(16.6)*
Amount recognised as asset in the balance sheet	14.7	0.1	14.8	–	*0.1*	*0.1*
Amount recognised as current liability in the balance sheet	–	(1.1)	(1.1)	–	*(1.1)*	*(1.1)*
Amount recognised as non-current liability in the balance sheet	–	(8.6)	(8.6)	*(7.0)*	*(8.6)*	*(15.6)*
	14.7	(9.6)	5.1	*(7.0)*	*(9.6)*	*(16.6)*
Related deferred tax (liability)/ asset (note 34)	(3.7)	0.3	0.3	–	*0.4*	*0.4*
Net surplus/(deficit)	11.0	(9.3)	5.4	*(7.0)*	*(9.2)*	*(16.2)*

35 Employee benefit obligations (continued)

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

	2021 UK £'m	2021 Overseas £'m	2021 Total £'m	2020 UK £'m	2020 Overseas £'m	2020 Total £'m
At 1 January	196.0	40.1	236.1	179.7	28.8	208.5
Reclassified from creditors*	–	–	–	–	6.9	6.9
Expected return on plan assets	2.4	2.3	4.7	3.3	3.0	6.3
Employer contributions	–	3.8	3.8	–	3.1	3.1
Contributions paid by plan participants	–	0.4	0.4	–	0.3	0.3
Benefit payments	(7.9)	(4.9)	(12.8)	(8.7)	(2.7)	(11.4)
Other adjustment	–	0.1	0.1	–	0.4	0.4
Actuarial gains	8.8	0.5	9.3	21.7	2.3	24.0
Exchange differences	–	(0.3)	(0.3)	–	(2.0)	(2.0)
At 31 December	199.3	42.0	241.3	196.0	40.1	236.1

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

	2021 UK £'m	2021 Overseas £'m	2021 Total £'m	2020 UK £'m	2020 Overseas £'m	2020 Total £'m
At 1 January	(203.0)	(49.7)	(252.7)	(193.3)	(37.2)	(230.5)
Reclassified from creditors*	–	–	–	–	(7.0)	(7.0)
Current service cost	–	(1.8)	(1.8)	–	(2.1)	(2.1)
Past service cost	–	–	–	(0.1)	–	(0.1)
Interest cost	(2.5)	(3.0)	(5.5)	(3.6)	(3.4)	(7.0)
Contributions paid by plan participants	–	(0.4)	(0.4)	–	(0.3)	(0.3)
Benefit payments	7.9	4.9	12.8	8.7	2.7	11.4
Actuarial gains/(losses)	13.0	(1.9)	11.1	(14.7)	(5.0)	(19.7)
Exchange differences	–	0.3	0.3	–	2.6	2.6
At 31 December	(184.6)	(51.6)	(236.2)	(203.0)	(49.7)	(252.7)

* a net £0.1 million was reclassified in 2020 from other payables in relation to the provident fund schemes operated by some of the Group's Indian subsidiaries.

In 2019, the total fair value of plan assets was £208.5 million, the present value of defined benefit obligations was £230.5 million and the deficit was £22.0 million. In 2018, the total fair value of plan assets was £190.6 million, the present value of defined benefit obligations was £215.3 million and the deficit was £24.7 million and in 2017, the total fair value of plan assets was £206.6 million, the present value of defined benefit obligations was £237.5 million and the deficit was £30.9 million.

35 Employee benefit obligations (continued)

Income Statement

The amounts recognised in the Income Statement are as follows:

	2021 UK £'m	2021 Overseas £'m	2021 Total £'m	*2020 UK £'m*	*2020 Overseas £'m*	*2020 Total £'m*
Amounts (charged)/credited to operating profit:						
Current service cost	–	(1.8)	(1.8)	*–*	*(2.1)*	*(2.1)*
Past service cost	–	–	–	*(0.1)*	*–*	*(0.1)*
Total operating (charge)/credit	–	(1.8)	(1.8)	*(0.1)*	*(2.1)*	*(2.2)*
Amounts charged to other finance costs:						
Interest expense	(0.1)	(0.7)	(0.8)	*(0.3)*	*(0.4)*	*(0.7)*
Total (charged)/credited to income statement	(0.1)	(2.5)	(2.6)	*(0.4)*	*(2.5)*	*(2.9)*

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £6.2 million (2020: £6.4 million).

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

Actuarial gains and losses recognised in the Statement of Comprehensive Income

The amounts included in the Statement of Comprehensive Income:

	2021 UK £'m	2021 Overseas £'m	2021 Total £'m	*2020 UK £'m*	*2020 Overseas £'m*	*2020 Total £'m*
Remeasurements:						
Return on plan assets, excluding amount included in interest	8.8	0.5	9.3	*21.7*	*2.3*	*24.0*
Gain/(loss) from changes in demographic assumptions	0.9	–	0.9	*(0.7)*	*–*	*(0.7)*
Gain/(loss) from changes in financial assumptions	8.5	(1.2)	7.3	*(14.0)*	*(6.1)*	*(20.1)*
Experience gains/(losses)	3.6	(0.7)	2.9	*–*	*1.1*	*1.1*
Actuarial gain/(loss)	21.8	(1.4)	20.4	*7.0*	*(2.7)*	*4.3*

Cumulative actuarial gain recognised in the Statement of Comprehensive Income are £2.5 million (2020: £17.9 million losses).

As the UK defined benefit pension scheme is closed to future accrual and active members were transferred to a defined contribution scheme, no employer contributions will be paid for the year commencing 1 January 2022. No additional funding contributions will be made, as the latest actuarial valuation shows a funding surplus.

36 Share capital

	2021 £'m	*2020 £'m*
Authorised: 2,842,000 (2020: 2,842,000) ordinary shares of 10p each	0.3	*0.3*
Allotted, called up and fully paid: ordinary shares of 10p each: At 1 January and 31 December- 2,824,500 (2020: 2,824,500) shares	0.3	*0.3*

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

37 Reconciliation of profit from operations to cash flow

	2021 £'m	*2020 £'m*
Group		
Profit from operations	7.7	*5.0*
Share of associates' results	(7.2)	*(6.1)*
Depreciation and amortisation	13.4	*15.5*
Depreciation of right-of-use assets	1.6	*1.0*
Impairment of assets and provisions	0.5	*6.5*
Realised movements on biological assets – non-current	(1.5)	*(0.4)*
Financial assets fair value through profit or loss – gain	(0.1)	*(0.1)*
Loss on disposal of non-current assets	–	*0.1*
Profit on disposal – non recurring items	–	*(14.4)*
Loss on disposal of subsidiaries	0.1	–
Profit on disposal of financial assets	(0.2)	*(0.2)*
Movement in provisions	(7.0)	*10.8*
(Increase)/decrease in working capital	(3.5)	*6.3*
Difference between employee benefit obligations funding contributions and cost charged	(1.9)	*(4.7)*
Cash generated from operations	1.9	*19.3*

38 Changes in liabilities arising from financing activities

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

	Bank loans Current £'m	Bank loans Non-current £'m	Finance leases Current £'m	Finance leases Non-current £'m	Total £'m
At 1 January 2020	3.6	3.3	1.2	11.8	19.9
Exchange differences	(0.3)	(0.1)	–	(0.2)	(0.6)
New loans	1.9	–	–	–	1.9
New finance leases	–	–	0.5	0.5	1.0
Loans repaid	(0.9)	(2.7)	–	–	(3.6)
Lease payments	–	–	(1.4)	–	(1.4)
Lease disposal	–	–	–	(0.9)	(0.9)
Transfers	(2.2)	2.2	0.9	(0.9)	–
At 1 January 2021	2.1	2.7	1.2	10.3	16.3
Exchange differences	–	(0.1)	–	–	(0.1)
Companies joining the Group	10.5	–	1.7	13.2	25.4
Transferred to held for sale	–	–	(0.1)	(1.9)	(2.0)
New loans	1.0	2.8	–	–	3.8
New finance leases	–	–	1.9	0.4	2.3
Loans repaid	(13.0)	(0.1)	–	–	(13.1)
Lease payments	–	–	(1.6)	(0.4)	(2.0)
Transfers	0.8	(0.8)	0.1	(0.1)	–
At 31 December 2021	1.4	4.5	3.2	21.5	30.6

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

Other changes include interest accruals and prepayments.

39 Business combinations – acquisition and disposal of businesses

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

Acquisition in 2021 – Bardsley England

On 31 July 2021, the Group acquired 60.5% of the share capital of Bardsley Horticulture Limited, the parent company of the Bardsley England group for consideration of £5.2 million, of which £3.0 million was paid at completion with the balance of £2.2 million deferred and payable by July 2022. Bardsley England is a major fruit farming business and one of the UK's largest apple growers. The farming operation covers 850 hectares (2,100 acres) in Kent and includes 27 orchards growing apples, pears, cherries, plums and grapes as well as a large grading, packing and storage facility. The transaction arises from the Group's strategy to expand the agriculture operations and to diversify our product and geographical portfolio.

The Group has a one year measurement period, from the date of acquisition to finalise the acquisition accounting. Provisional fair values of the identifiable assets acquired, liabilities assumed and non-controlling interest at the date of acquisition are set out above.

39 Business combinations – acquisition and disposal of businesses (continued)

Fair values of the acquired property, plant and equipment, pre existing contractual relationships and biological assets are inherently judgemental and involve a high degree of estimation. Valuations have been performed by specialists, using appropriate methodologies and information. No new information is expected to become available in the next financial year that would be relevant for the acquisition date fair values, therefore these valuations are not expected to be revisited.

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

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

The goodwill acquired in relation to Bardsley England comprises certain intangible assets that cannot be separately identified. This includes the skills and experience of the assembled workforce. None of the goodwill recognised is expected to be deductible for income tax purposes.

From the date of acquisition, Bardsley England has contributed £8.7 million of revenue and a £4.7 million loss before tax including restructuring costs.

It has not been practicable to disclose results for Bardsley England for the pre-acquisition period as Bardsley England had not adopted IFRS and other Group accounting policies.

Disposal in 2021 – Abbey Metal Finishing Limited

On 5 August 2021, the Group disposed of its interests in Abbey Metal Finishing Company Limited and its subsidiary Atfin GmbH in Germany to a newly incorporated company set up by GIL Investments for the purpose of the acquisition and Aerotech GmbH respectively. The transaction arises from the Group's strategy of focusing on agriculture.

Until the date of acquisition, the disposed companies had contributed £1.7 million of revenue and £1.3 million loss before tax.

40 Commitments

Capital commitments

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

	2021 £'m	*2020* *£'m*
Group		
Property, plant and equipment	0.9	*0.8*

41 Contingencies

In Malawi the Revenue Authority (MRA) recently indicated that it intended to collect VAT on sales made at auction and under private treaty for export, in the period since 2017. Tea sales intended for the export market were subject to an industry wide agreement with the MRA and the Reserve Bank of Malawi reached at the time the auction was established, resulting in these deemed exports being zero rated for VAT. The MRA has raised an assessment for VAT against Eastern Produce Malawi in connection with this which has been appealed in light of the historic agreement and long-established custom and practice of the industry. Following discussions between the Malawi government, the MRA and the entire tea industry, the MRA has undertaken to investigate the sales process for export teas and to consider the implications of this on the VAT treatment of these deemed export sales. Pending conclusion of the review, the MRA has given permission for the auction to continue with teas deemed as export zero rated for VAT and the assessment raised against Eastern Produce Malawi has been suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £7.4 million

In India, assessments have been received for excise duties of £3.6 million, sales and entry tax of £0.9 million and of £0.6 million for income tax matters. These are being contested on the basis that they are without technical merit.

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

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

42 Financial instruments

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through the optimisation of its debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and lease liabilities disclosed in notes 31 and 32, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

The ratio at the year end is as follows:

	2021 £'m	*2020* *£'m*
Borrowings	7.8	*8.4*
Lease liabilities	24.7	*11.5*
Debt	32.5	*19.9*
Tangible net assets	378.5	*370.0*
Ratio	8.59%	*5.38%*

Debt is defined as long and short-term borrowings and lease liabilities as detailed in notes 31 and 32.

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

Debt as a percentage of tangible net assets has increased with the acquisition of Bardsley England.

42 Financial instruments (continued)

Financial instruments by category

At 31 December 2021

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

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

At 31 December 2020

	Financial assets at fair value through other comprehensive income £'m	Financial asset at fair value through profit or loss £'m	Financial assets at amortised cost £'m	Total £'m
Group				
Assets as per Balance Sheet				
Equity investments	*42.6*	–	–	*42.6*
Money market investments	–	*5.3*	–	*5.3*
Bond investments	–	–	*2.7*	*2.7*
Trade and other receivables excluding prepayments	–	–	*39.2*	*39.2*
Cash and cash equivalents	–	–	*98.5*	*98.5*
	42.6	*5.3*	*140.4*	*188.3*

42 Financial instruments (continued)

	Other financial liabilities at amortised cost £'m	Total £'m
Group		
Liabilities as per Balance Sheet		
Borrowings	*8.4*	*8.4*
Lease liabilities	*11.5*	*11.5*
Trade and other payables	*50.9*	*50.9*
	70.8	*70.8*
Company		
Trade and other payables	*0.8*	*0.8*

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 2021

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Financial assets at fair value through other comprehensive income	27.7	–	–	27.7
Financial asset at fair value through profit or loss	9.9	–	–	9.9
Financial assets at amortised cost	2.6	–	–	2.6
	40.2	–	–	40.2

At 31 December 2020

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Financial assets at fair value through other comprehensive income	*42.6*	–	–	*42.6*
Financial asset at fair value through profit or loss	*5.3*	–	–	*5.3*
Financial assets at amortised cost	*2.7*	–	–	*2.7*
	50.6	–	–	*50.6*

42 Financial instruments (continued)

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

(A) Market risk

(i) Foreign exchange risk

The Group has a significant exposure to the US Dollar arising from a number of our operations having a significant trading exposure to the Dollar and as a consequence the Group holds significant US Dollar funds and Dollar denominated investments. If the exchange rate of the Dollar to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £1.0 million (2020: £2.0 million). In addition, the Group has significant Indian, Japanese and Swiss financial assets, if the exchange rates of the Indian Rupee, Japanese Yen and Swiss Franc to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £0.5 million (2020: £0.2 million), £0.4 million (2020: £1.0 million) and £0.5 million (2020: £0.6 million) respectively.

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

(ii) Price risk

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

The majority of the Group's equity investments are publicly traded and are quoted on stock exchanges located in Bermuda, India, Japan, Switzerland, UK and US. Should these equity indexes increase or decrease by 5 per cent. with all other variables held constant and all the Group's equity instruments move accordingly, the Group's carrying value would increase/decrease by £1.4 million (2020: £2.1 million).

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

(iii) Cash flow and interest rate risk

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

42 Financial instruments (continued)

At 31 December 20201 if interest rates on non-sterling denominated interest-bearing assets and borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £0.2 million (2020: £0.3 million) higher/lower.

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

	Assets		Liabilities	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Sterling	13.0	*21.7*	22.5	*8.9*
US Dollar	16.4	*35.0*	–	–
Euro	0.4	*5.3*	–	–
Kenyan Shilling	14.4	*11.9*	0.3	*0.2*
Indian Rupee	2.4	*4.9*	5.0	*8.0*
Malawian Kwacha	0.2	*0.1*	1.6	*1.6*
Bangladesh Taka	11.5	*14.1*	1.2	*1.2*
South African Rand	1.0	*1.2*	1.9	–
Brazilian Real	1.8	*1.9*	–	–
Bermudian Dollar	0.4	*1.4*	–	–
Japanese Yen	0.3	–	–	–
Tanzanian Shilling	–	*1.0*	–	–
	61.8	*98.5*	32.5	*19.9*

(B) Credit risk

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

The Group has a large number of trade receivables, the largest five receivables at the year end comprise 21 per cent. (2020: 22 per cent.) of total trade receivables.

The Group has investments in Kenyan infrastructure bonds which have an S&P rating of B at the year end.

(C) Liquidity risk

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

At 31 December 2021, the Group had undrawn committed facilities of £23.7 million (2020: £23.7 million), 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.

42 Financial instruments (continued)

	Less than 1 year £'m	Between 1 and 2 years £'m	Between 2 and 5 years £'m	Over 5 years £'m	Undated £'m	Total £'m
At 31 December 2021						
Assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	27.7	27.7
Financial asset at fair value through profit or loss	2.7	7.2	–	–	–	9.9
Financial assets at amortised cost	1.3	1.3	–	–	–	2.6
Trade and other receivables excluding prepayments	37.6	2.7	–	–	–	40.3
Cash and cash equivalents	61.8	–	–	–	–	61.8
	103.4	11.2	–	–	27.7	142.3
Liabilities						
Borrowings	3.3	0.7	1.2	2.6	–	7.8
Lease liabilities	3.2	2.3	5.0	14.2	–	24.7
Trade and other payables excluding taxation	54.4	–	–	–	–	54.4
	60.9	3.0	6.2	16.8	–	86.9
At 31 December 2020						
Assets						
Financial assets at fair value through other comprehensive income	*–*	*–*	*–*	*–*	*42.6*	*42.6*
Financial asset at fair value through profit or loss	*5.3*	*–*	*–*	*–*	*–*	*5.3*
Financial assets at amortised cost	*–*	*1.4*	*1.3*	*–*	*–*	*2.7*
Trade and other receivables excluding prepayments	*36.8*	*2.4*	*–*	*–*	*–*	*39.2*
Cash and cash equivalents	*98.5*	*–*	*–*	*–*	*–*	*98.5*
	140.6	*3.8*	*1.3*	*–*	*42.6*	*188.3*
Liabilities						
Borrowings	*5.7*	*0.4*	*1.2*	*1.1*	*–*	*8.4*
Lease liabilities	*1.2*	*1.1*	*2.3*	*6.9*	*–*	*11.5*
Trade and other payables excluding taxation	*49.8*	*–*	*–*	*–*	*–*	*49.8*
	56.7	*1.5*	*3.5*	*8.0*	*–*	*69.7*

Included in borrowings due in less than 1 year is £1.9 million (2020: £3.6 million) repayable on demand.

43 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the Group at 31 December 2021, which are wholly owned and incorporated in Great Britain unless otherwise stated, were:

	Principal country of operation	Registered Office
Agriculture		
Amgoorie India Limited (Incorporated in India – 99.8 per cent. holding)	India	*(ii)*
Amo Tea Company Limited	Bangladesh	*(i)*
Bardsley & Sons Limited	UK	*(i)*
Bardsley Fruit Enterprises Limited	UK	*(i)*
Bardsley Fruit Farming Limited	UK	*(i)*
Bardsley HiCo Limited	UK	*(i)*
Bardsley Horticulture Limited	UK	*(i)*
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil)	Brazil	*(vi)*
Chittagong Warehouse Limited (Incorporated in Bangladesh – 93.3 per cent. holding)	Bangladesh	*(vii)*
Duncan Brothers Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa	*(viii)*
Eastern Produce Estates South Africa (Pty) Limited (Incorporated in South Africa – held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(ix)*
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya	*(x)*
Eastern Produce Malawi Limited (Incorporated in Malawi– 73.2 per cent. holding)	Malawi	*(xii)*
Eastern Produce Regional Services Limited (Incorporated in Kenya)	Kenya	*(x)*
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa	*(ix)*
Eastland Camellia Limited (Incorporated in Bangladesh – 93.8 per cent. holding)	Bangladesh	*(vii)*
EP(T) East Africa Limited (Incorporated in Tanzania)	Tanzania	*(xvii)*
Goodricke Group Limited (Incorporated in India - 74.0 per cent. holding)	India	*(iii)*
Goodricke Tech Limited (Incorporated in India - 99.8 per cent. holding)	India	*(iii)*
Horizon Farms (An United States of America general partnership – 80 per cent. holding)	USA	*(xiii)*
Jing Tea Limited (95.0 per cent. holding)	UK	*(i)*
Kakuzi Plc (Incorporated in Kenya – 50.7 per cent. holding)	Kenya	*(xi)*
Koomber Tea Company Limited (Incorporated in India)	India	*(iv)*
Newmafruit Limited	UK	*(i)*
Octavius Steel & Company of Bangladesh Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Robertson Bois Dickson Anderson Limited	UK	*(i)*
Stewart Holl (India) Limited (Incorporated in India – 92.0 per cent. holding)	India	*(v)*
Surmah Valley Tea Company Limited	Bangladesh	*(i)*
The Allynugger Tea Company Limited	Bangladesh	*(i)*
The Chandpore Tea Company Limited	Bangladesh	*(i)*
The Lungla (Sylhet) Tea Company Limited	Bangladesh	*(i)*
The Mazdehee Tea Company Limited	Bangladesh	*(i)*
Victoria Investments Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi	*(xii)*
Zetmac (Pty) Limited (Incorporated in South Africa – 55.8 per cent. held by Eastern Produce Estates South Africa (Pty) Limited)	South Africa	*(ix)*

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

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

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

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

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

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

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Summarised balance sheets

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Current				
Assets	24.0	*19.9*	14.8	*11.7*
Liabilities	(14.6)	*(14.6)*	(11.9)	*(10.2)*
Total current net assets	9.4	*5.3*	2.9	*1.5*
Non-current				
Assets	27.8	*28.5*	31.2	*33.8*
Liabilities	(5.3)	*(5.3)*	(9.4)	*(10.0)*
Total non-current net assets	22.5	*23.2*	21.8	*23.8*
Net assets	31.9	*28.5*	24.7	*25.3*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2021 'm	*2020 'm*	2021 'm	*2020 'm*
Current				
Assets	4.1	*3.2*	32.3	*36.2*
Liabilities	(3.7)	*(3.7)*	(20.2)	*(24.2)*
Total current net assets/(liabilities)	0.4	(0.5)	12.1	12.0
Non-current				
Assets	8.8	*8.8*	35.8	*36.0*
Liabilities	(2.9)	*(1.2)*	(12.5)	*(11.1)*
Total non-current net assets	5.9	*7.6*	23.3	*24.9*
Net assets	6.3	*7.1*	35.4	*36.9*

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

	Kakuzi Plc as at 31 December 2021 £'m	2020 £'m
Current		
Assets	18.7	19.4
Liabilities	(2.5)	(2.5)
Total current net assets	16.2	16.9
Non–current		
Assets	26.3	26.8
Liabilities	(6.8)	(7.0)
Total non–current net assets	19.5	19.8
Net assets	35.7	36.7

Summarised income statements

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Revenue	36.5	*39.4*	25.3	*23.1*
Profit/(loss) before tax	7.0	*4.7*	1.2	*(3.7)*
Taxation	(2.1)	*(1.1)*	(0.6)	*1.1*
Other comprehensive expense	(0.8)	*(3.1)*	(1.2)	*(2.0)*
Total comprehensive income/(expense)	4.1	*0.5*	(0.6)	*(4.6)*
Total comprehensive income/(expense) allocated to non-controlling interests	1.2	*0.2*	(0.2)	*(1.2)*
Dividends paid to non-controlling interests	0.2	*1.2*	–	*0.3*

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2021	*2020*	2021	*2020*
	£'m	*£'m*	£'m	*£'m*
Revenue	3.4	*3.8*	84.6	*90.6*
(Loss)/profit before tax	(0.4)	*(2.2)*	0.6	*2.7*
Taxation	0.1	*0.6*	(0.1)	*(0.5)*
Other comprehensive expense	(0.5)	*(0.2)*	(1.4)	*(2.1)*
Total comprehensive (expense)/income	(0.8)	*(1.8)*	(0.9)	*0.1*
Total comprehensive expense allocated to non-controlling interests	(0.2)	(0.7)	(0.2)	–
Dividends paid to non-controlling interests	–	–	0.2	–

	Kakuzi Plc for year ended 31 December	
	2021	*2020*
	£'m	*£'m*
Revenue	21.8	*25.3*
Profit before tax	3.3	*5.3*
Taxation	(1.1)	*(1.4)*
Other comprehensive expense	(0.9)	*(4.0)*
Total comprehensive income/(expense)	1.3	*(0.1)*
Total comprehensive income/(expense) allocated to non-controlling interests	0.6	*(0.1)*
Dividends paid to non-controlling interests	1.2	*1.0*

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

Summarised cash flows

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Cash flows from operating activities				
Cash generated from operations	4.4	*6.6*	1.7	*1.1*
Net interest received/(paid)	0.7	*0.7*	(0.5)	*(0.1)*
Income tax paid	(2.1)	*(0.8)*	(0.7)	*(1.0)*
Net cash generated from operating activities	3.0	*6.5*	0.5	*–*
Net cash used in investing activities	(1.0)	*(5.3)*	(0.1)	*(0.3)*
Net cash used in financing activities	(0.7)	*(4.1)*	–	*(1.1)*
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	1.3	*(2.9)*	0.4	*(1.4)*
Cash, cash equivalents and bank overdrafts at beginning of year	12.3	*15.7*	(1.2)	*0.1*
Exchange (losses)/gains on cash and cash equivalents	–	*(0.5)*	0.2	*0.1*
Cash, cash equivalents and bank overdrafts at end of year	13.6	*12.3*	(0.6)	*(1.2)*

43 Subsidiary and associated undertakings (continued)

Subsidiary undertakings (continued)

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2021 £'m	*2020 £'m*	2021 £'m	*2020 £'m*
Cash flows from operating activities				
Cash generated from operations	(0.8)	*(0.2)*	4.3	*2.4*
Net interest paid	(0.2)	*(0.1)*	–	*–*
Income tax paid	–	*–*	(0.1)	*(0.7)*
Net cash (used in)/generated from operating activities	(1.0)	*(0.3)*	4.2	*1.7*
Net cash used in investing activities	(1.1)	*(0.7)*	(1.0)	*(2.0)*
Net cash generated from/(used in) financing activities	2.0	*–*	(2.5)	*0.7*
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(0.1)	*(1.0)*	0.7	*0.4*
Cash, cash equivalents and bank overdrafts at beginning of year	1.4	*2.8*	0.5	*0.1*
Exchange losses on cash and cash equivalents	(0.2)	*(0.4)*	–	*–*
Cash, cash equivalents and bank overdrafts at end of year	1.1	*1.4*	1.2	*0.5*

	Kakuzi Plc for year ended 31 December	
	2021 £'m	*2020 £'m*
Cash flows from operating activities		
Cash generated from operations	8.5	*8.9*
Net interest received	0.5	*0.6*
Income tax paid	(0.9)	*(1.5)*
Net cash generated from operating activities	8.1	*8.0*
Net cash generated used in investing activities	(6.0)	*(6.7)*
Net cash used in financing activities	(2.3)	*(2.0)*
Net decrease in cash and cash equivalents and bank overdrafts	(0.2)	*(0.7)*
Cash, cash equivalents and bank overdrafts at beginning of year	11.2	*12.6*
Exchange losses on cash and cash equivalents	(0.2)	*(0.7)*
Cash, cash equivalents and bank overdrafts at end of year	10.8	*11.2*

43 Subsidiary and associated undertakings (continued)

Associated undertakings

The principal associated undertakings of the Group at 31 December 2021 were:

	Principal country of operation	Registered Office	Accounting date 2021	Group interest in equity capital per cent.
Insurance and banking				
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	*(xvi)*	31 December	37.4
United Finance Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	38.4
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	37.0

43 Subsidiary and associated undertakings (continued

Registered Offices:

(i) Linton Park
Linton
Maidstone
Kent
ME17 4AB
England

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

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

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

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

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

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

(viii) Slangrivier Road
Slangrivier Plaas
Wellington
7655
South Africa

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

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

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

(xii) PO Box 53
Mulanje
Malawi.

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

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

(xv) 112 Pitts Bay Road
Pembroke
Bermuda
HM08

(xvi) Clarendon House
2 Church Street
Hamilton
Bermuda
HM11

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

44 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. Other than Simon Turner (a director of The Camellia Private Trust Company and the president of the board of the trustee of the Foundation) and Stephen Buckland (a trustee of The Camellia Foundation, a UK charity whose primary donor of the same name is the ultimate majority shareholder of Camellia Plc), 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 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, that director 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.

45 Related party transactions

Group

During the year the Group received rental income from the Foundation of £18,620 (2020: £36,000).

During the year the Group paid contributions to the overseas pension and post-employment schemes of £3,775,062 (2020: £3,101,125).

Company

The Company receives financial and secretarial services from Linton Park Plc, a directly owned subsidiary undertaking. The amount payable for these services for 2021 was £433,300 (2020: £466,659). At 31 December 2021 £3,029,941 (2020: £8,351,312) is owed to Linton Park Plc and is unsecured, interest free and has no fixed terms of repayment.

Amounts due to Lawrie Group Plc, a directly owned subsidiary undertaking of £13,409,492 (2020: £7,556,941) include an unsecured loan note of £4,191,777 (2020: £4,191,777). The company received interest of £167,671 (2020: £167,671) on this unsecured loan note. The remaining balance is unsecured, interest free and has no fixed terms of repayment.

Balances receivable and payable from/to other Group companies at 31 December 2021 amounted to £1,879,504 (2020: £2,223,733) and £193,187 (2020: £193,187) respectively and are unsecured, interest free and have no fixed terms of repayment.

46 Subsequent events

There were no adjusting post balance sheet events.

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMELLIA PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Camellia Plc (the 'parent company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the basis of preparation and statement of accounting policies;
- the notes 1 to 46 related to the consolidated financial statements; and
- the notes 1 to 46 related to the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matters that we identified in the current year were:

- Revenue recognition
- Fair value of biological assets under IAS 41 'Agriculture'
- Impairment of intangible assets and goodwill
- Acquisition accounting: Fair value adjustments arising on acquisition
- Provisions for uncertain tax positions and legal matters

Within this report, key audit matters are identified as follows:

- Newly identified
- Increased level of risk
- Similar level of risk
- Decreased level of risk

Materiality

The materiality that we used for the Group financial statements was £0.9m which was determined on the basis of revenue.

Scoping

We consider the principal business units to reflect the components of the Group as this is how management monitor and control the business. Our scope covered 57 components of the Group. Of these, 34 were subjected to a full-scope audit whilst the 21 remaining were subject to specified audit procedures. These components provide coverage of 99% of the Group's revenue, 86% of the Group's profit before tax and 87% of the Group's net assets.

Significant changes in our approach

Changes in component scoping:

The acquisition of Bardsley Horticulture Ltd and subsidiaries (collectively the "Bardsley Group") have come into scope this year and were subject to full-scope audit.

Changes in key audit matters:

- Arising from the acquisition of Bardsley Group during the year, we identified a new key audit matter relating to acquisition accounting and the corresponding fair value adjustments arising on acquisition.
- Our key audit matter in relation to impairment of assets was updated to:
  - include our consideration of the goodwill arising on acquisition of Bardsley Group; and
  - remove the Impairment of Bearer plants due to the reduction in complexities and judgements involved. Impairment indicators such as underutilisation, adverse weather conditions and land use rights, and in particular uncertainties caused by the Coronavirus pandemic were considered, and no impairment indicators were identified.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the latest cash flow forecasts of the Group to determine whether these are consistent with the forecasts used during the impairment review;
- Assessing copies of any existing and new facilities and assessing the Group's cash forecasts against available facilities and the required repayment profiles of debt and interest.
- Assessing the facilities and its availability and compliance with covenants.
- Evaluating each of the sensitivities adopted by management and assessing downside scenarios of cash headroom over the forecast period by performing our own sensitivity analyses regarding the solvency of the Group over the going concern review period.
- Assessing the reasonability of the assumptions that management have used in their cash forecasts; and
- Assessing the adequacy of the financial statement disclosures in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue recognition

Key audit matter description	The Group's agricultural operations involve a wide range of customer delivery models, including auction and retail sales. Given the complexity of the Group's operations and the terms of business with buyers, there is a risk of inappropriate cut-off of revenue recognition around the balance sheet date. The Group's agricultural revenue is included within Sale of Goods of £238.8m (2020: £247.2m) disclosed in note 2 to the financial statements. Further information regarding the agricultural revenue recognition policy is in the principal accounting policies disclosed in the financial statements.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in response to the key audit matter:

- Obtained an understanding of the processes and relevant controls used to record revenue transactions.
- Reviewed and assessed commercial arrangements to determine the point of revenue recognition for different type of shipments.
- Assessed whether revenue was recorded in the correct period and whether cut-off of revenue is appropriate by agreeing a sample of revenue transactions during the period either side of the balance sheet date to the relevant terms of business, dispatch or delivery documentation as appropriate.
- Examined material journal entries that were posted to revenue accounts and obtained supporting evidence to test the appropriateness of revenue recognition.

Key observations

From the work performed, we have concluded that revenue is appropriately recognised in the correct accounting period in accordance with IFRS 15.

5.2. Fair value of biological assets under IAS 41 'Agriculture'

Key audit matter description

The Group holds £7.8m (2020: £7.1m) of biological assets as current assets and £13.4m (2020: £12.7m) as non-current assets.

As required by IAS 41 'Agriculture', management estimates the fair value of these assets through the use of valuation models and recent transaction prices.

Significant judgement is required for key assumptions for each model, including the life-span of the plantings, yields, selling prices, costs and discount rates. The valua-tion is sensitive to some of the underlying assumptions.

Biological assets are disclosed in note 19 to the financial statements, the valuation is discussed as a key source of estimation uncertainty and the valuation policy is dis-closed in the principal accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in response to the key audit matter:

- Obtained an understanding of processes and relevant controls around the valuation of biological assets.
- Made enquiries of management to understand the rationale applied in the determination of key assumptions and any changes in the year.
- Assessed the appropriateness of the logic and mechanical accuracy of the valuation models prepared and the valuation methodology applied.
- For the fair value models:
    - Challenged the inputs by assessing the historical accuracy of management's forecasts and comparing to third-party and market data (where appropriate);
    - Assessed the completeness and accuracy of disclosures made within the financial statements in accordance with IAS 41.

Key observations

From the work performed, we are satisfied that the key assumptions applied in respect of the valuation of biological assets and the associated disclosures are appropriate.

5.3. Impairment of intangible assets and goodwill

Key audit matter description	The Group holds £10.1m (2020: £6.6m) of intangible assets including £4.6m (2020: £1m) allocated to goodwill. Please also refer to the Critical accounting estimates and judgements within accounting policies and Note 15 to the accounts. The risk in relation to intangibles relates to the (i) Brand value relating to Jing Tea Limited where the operations experienced reduced demand as a result of the COVID-19 pandemic and (ii) Goodwill on the past acquisition of tea estates in India by Goodricke Group Limited and Amgoorie India Limited and (iii) Goodwill related to the current year acquisition of Bardsley Group. There is a risk that these cash generating units (CGUs) or groups of CGUs may not achieve the anticipated business performance to support their carrying value, or that the estimated fair value of the CGUs may not support their carrying value. This could lead to an impairment charge that has not been recognised by management. The Group's impairment assessment of CGUs to which goodwill is allocated in accordance with IAS 36 Impairment of Assets involves fair value less costs to sell calculations which require estimates, including significant assumptions regarding future royalty rates, discount rates and cashflows. Intangible assets are disclosed in note 15 to the financial statements, the valuation is discussed as sources of estimation uncertainty, and the valuation policy is disclosed in the principal accounting policies.
How the scope of our audit responded to the key audit matter	We have performed the following procedures in response to the key audit matter: ■ Obtained an understanding of the processes and relevant controls related to the impairment review of intangible assets and goodwill. ■ Checked the arithmetical accuracy of the value in use calculations. We evaluated the current year changes to the key assumptions and assessed retrospectively whether prior year assumptions were appropriate. ■ Involved our valuation specialists in evaluating management's discount rates. We benchmarked the discount rate to comparable assets and considered the underlying assumptions based on our knowledge of the group and its industry. ■ Assessed the accuracy of management's cash flow projections by comparing historical forecasts with actual cash flows. We assesed whether forecast cash flows were consistent with Board approved forecasts. We also performed sensitivity analysis as part of our overall evaluation of forecast cash flows. ■ Assessed the valuation reports issued by third party external valuers and compared them with similar market transactions. We also held discussions with the valuers to challenge the methods and assumptions used for determining fair value. ■ Assessed the financial statements disclosures in relation to the impairment assessments performed. ■ Also assessed the adequacy of the Group's disclosures including the need to to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment.

Key observations

From the work performed, we concur with management's assessment of impairment during the year and that no impairments were required.

5.4. Acquisition accounting:

Fair value adjustments arising on acquistion

Key audit matter description

During the year, the Group acquired a 60.5% interest in the Bardsley Group for a consideration of £5.2m. Accounting for acquisitions is complex, with judgement required in both the identification of assets acquired (including any intangible assets), and the valuation of those assets and liabilities assumed, in accordance with IFRS 3 'Business Combinations'.

The calculation of fair value is subjective due to the inherent uncertainty involved in the valuation of assets and liabilities, and this requires the application of judgement by management and technical expertise. In particular the method of valuation, future forecasts (including cash-flow forecasts) and underlying assumptions may all have a material impact on the valuation of assets and liabilities, notably on the valuation of property, plant and equipment, biological assets and intangible assets, which represents the most significant assets acquired.

Business combinations are disclosed in note 39 to the financial statements and the key judgements and assumptions related to the fair value of assets and liabilities assumed are disclosed within accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in response to the key audit matter:

- Obtained an understanding of the processes and relevant controls related to the business combination accounting including fair value adjustments preparation, review and approval.
- Read the sale and purchase agreement ("SPA") associated with the acquisition and identified assets acquired, including assessing whether any potential intangible assets were not identified by management. We agreed the consideration paid to bank statements and the sale and purchase agreements.
- Involved our specialists in our audit of the valuation of assets acquired and liabilities assumed. Our work included assessment of the appropriateness of the valuation models used, assessment of the discount rate used in the models by reference to comparable assets, and the evaluation of future cash flow forecasts for each of the power plants acquired.
- Assessed the completeness of disclosures for each acquisition against the requirements of the relevant accounting standards.

Key observations

From the work performed, we found that the judgements made surrounding the identification, classification and valuation of assets and liabilities acquired were appropriate.

5.5. Provision for uncertain tax positions and legal matters

Key audit matter description

In the ordinary course of business, the Group is subject to actual or potential liabilities arising from litigations and claims, including contractual disputes brought by government bodies (including regulators and tax authorities). Management review such litigation and claims on a case-by-case basis to determine the likely outcome and to estimate the possible magnitude and timing of any resultant payments from adverse outcomes.

Matters of this nature are inherently uncertain and as such management apply significant judgement in determining the likely outcome of such matters as well as the potential effect on future operations and the financial statements as described in the principal risks and uncertainties on pages 27 to 30. Judgement is also applied in estimating amounts payable to legal, regulatory or tax authorities in certain jurisdictions and including human rights issues - assessing and quantifying probable outcomes in relation to ongoing claims and determining any exposure (and the need for provision) in areas where legal requirements are open to interpretation. This gives rise to a risk over the accuracy and disclosure of provisions recognised and contingent liabilities disclosed.

The impact of litigation concerning the Group's East African operations on the 2020 results is disclosed on page 8 and the accounting policy for provisions is disclosed in the principal accounting policies.

At 31 December 2021, the Group continues to carry £1.2m (2020: £8.2m) in respect of the legal claims in the UK based upon allegations against its East African operations, namely Kakuzi in Kenya and EPM in Malawi. Following discussion with Group lawyers, these allegations have now been finalised and no further liabilities are expected to arise, therefore no contingent liabilities are disclosed.

In addition, specifically in India, interpreting and complying with taxation laws and regulations are complex, therefore uncertain tax positions were also considered as part of this key audit matter.

Other contingent liabilities are disclosed in note 41 to the financial statements, their quantification is discussed as sources of estimation uncertainty, and the accounting policy for provisions is disclosed in the principal accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in response to the key audit matter:

- Obtained an understanding of processes and relevant controls around identification of tax and legal matters across the key components of the Group.
- Assessed the completeness of provisions and contingent liabilities by reviewing the board minutes and reviewing management's listing, tracking all litigations and reconciled this to the provisions recorded.
- Challenged the appropriateness of the Group's assumptions and estimates in relation to provisions and contingent liabilities, by reference to industry practice and the period to which any provision amounts relate.
- Obtained legal confirmations from the Group's legal counsel in the key jurisdictions as at 31 December 2021. We also spoke to legal counsel on selected key issues.
- Reviewed the Group's correspondence with regulatory and tax authorities and understood management's interpretation and application of relevant laws and regulations.
- Assessed the appropriateness of disclosures in the financial statements.

Key observations	We did not identify any further litigation or claims that had not already been disclosed to us. From the evidence obtained, we were satisfied with the adequacy of the Group's provisions made as at 31 December 2021 for the risks identified in the context of the Group financial statements taken as a whole. We were also satisfied with the appropriateness of the contingent liability disclosures given the status, materiality and likely outcome of and exposures in areas where legal and taxation requirements are open to interpretation.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£0.9m (2020: £0.9m)	£0.3m (2020: £0.3m)
Basis for determining materiality	0.3% of Revenue (2020: 0.4% of revenue.)	2% of net assets, capped at 35% of group materiality (2020: 2% of net assets, capped at 35% of group materiality)
Rationale for the benchmark applied	We note that the overall size of the business, demonstrated by revenue, has remained broadly consistent with the prior year therefore we conclude that the basis for materiality was deemed appropriate. Revenue is deemed an important benchmark for users to determine growth and performance of the Group.	We have used net assets measure given that the parent company is a holding company, generating no revenue.

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2020: 70%) of group materiality	70% (2020: 70%) of parent company materiality

	Group financial statements	Parent company financial statements
Basis and rationale for determining performance materiality	In determining performance materiality, we have considered the following factors: ■ There have been no changes to the business in their operation or financial reporting process. ■ The Group has a history of correcting identified misstatements and the remaining uncorrected misstatements are historically below performance materiality. ■ The quality of the control environment, hence the decreased likelihood of significant misstatements occurring.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £43,000 (2020: £45,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

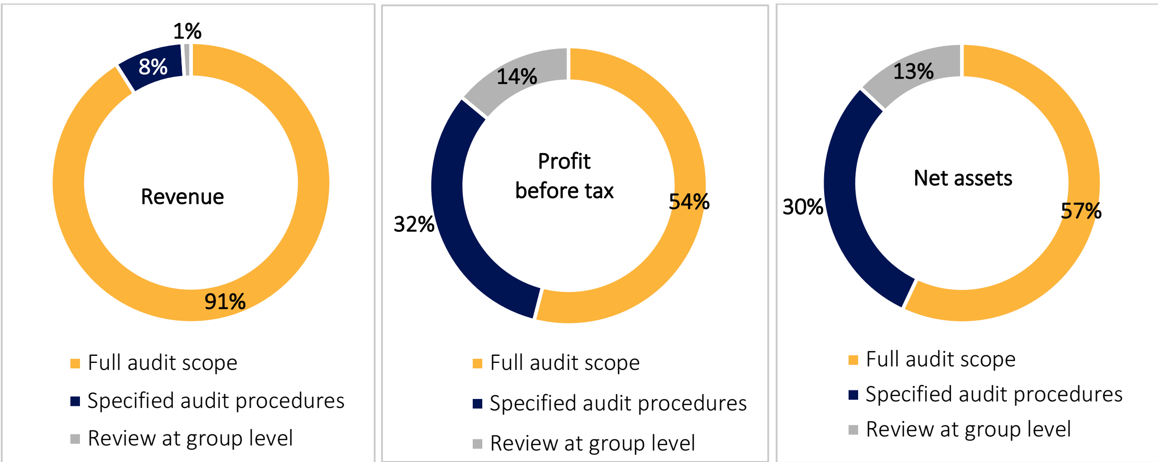
7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level. The Group undertakes agricultural operations in countries across Africa, South America, and Asia, with its principal crops grown in Bangladesh, India, Kenya and Malawi. The Group's engineering and food service operations as well as recently acquired apple and pear orchards are located in the UK. Of the Group's 57 principal components, 34 were subject to a full audit scope (including newly acquired Bardsley Group in the UK) and 21 were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations.

These 55 components represent the principal business units and account for 99% (2020: 99%) of the Group's revenue and 86% (2020: 95%) of the Group's profit before tax and 87% (2020: 95%) of the Group's net assets. The remaining components were subject to analytical review procedures by the group audit team or were scoped out on the basis of being dormant or immaterial. Our audit work on these components in addition to the parent entity was executed to lower levels of materiality of £0.3m to (35%) of Group materiality (2020: £0.32m (35%)).

The parent company is located in the UK and audited directly by the group audit team. At the parent entity level, we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.



7.2. Our consideration of the control environment

Our risk assessment procedures include obtaining an understanding of relevant controls to the audit.

Consistent with previous years, we have obtained an understanding of relevant controls on the following areas:

- Financial reporting process;
- Legal and regulatory reviews; and
- Impairment of intangibles.

This covered some of the key accounting and reporting tools that are used by management and the interface between various systems including new consolidation software.

7.3. Working with other auditors

The group audit team are responsible for the scope and direction of the audit process and provide direct oversight, review, and coordination of our component audit teams. We interacted regularly with the component teams during each stage of the audit and reviewed key working papers. In September 2021 we held a group-wide planning meeting, in which we set out the materiality and scoping for component teams, as well as considering significant risks across the Group. We also held planning meetings with each of our specialists, involving our component teams where relevant.

During our interim and year-end audit, we held regular catch-up meetings with components to monitor progress and highlight any issues arising. The Senior Statutory Auditor participated in all of the final close meetings of the Group's significant components. The Senior Statutory Auditor or another senior member of the group audit team carried out a review of the component auditor files.

Our oversight of component auditors focused on the planning of their audit work and key judgements made. In particular, our supervision and direction focused on the work performed in relation to key audit matters by component teams including revenue recognition, fair value of biological assets, impairment of intangible assets and goodwill acquisition accounting, provisions for uncertain tax positions and legal matters and going concern assessments.

As part of our monitoring of component auditors, we have also attended key audit close meetings.

7.4. Climate change

Management has considered transition and physical risks when factoring in climate change as part of their risk assessment process when considering the principal risks and uncertainties facing the Group. This is set out in the strategic report on pages 25 to 34 and the principal risks set out on pages 27 to 30. From the financial statements' perspective, these risks have been focused on the valuation of goodwill and other intangible assets and biological assets. This is consistent with our evaluation of the climate-related risks facing the Group and is linked to the key audit matter as highlighted in sections 5.2 and 5.3 above, where we have described both the risks related to these assumptions and our audit procedures in relation to the challenge of these assumptions. In addition, we have:

- Challenged how the Directors considered climate change in their impact assessment on the Group's operations based on our understanding of the business environment and by benchmarking relevant assumptions with market data.
- Read the climate risk disclosures included throughout the strategic report section of the annual report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, pensions, and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area - recognition of revenue, impairment of intangible assets and goodwill and fair value adjustments arising on acquisition of Bardsley Group. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's health, safety and environmental regulations (carbon reduction, etc), Bribery Act and employee laws.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition, impairment of goodwill and intangible assets and acquisition accounting: fair value adjustments arising on acquisition as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors’ report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors’ report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

13.2. Directors’ remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors’ remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Makhan Chahal FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
London, United Kingdom

30 May 2022

FIVE YEAR RECORD

	2021 £'m	2020 £'m	2019 £'m	2018 £'m	2017 £'m Restated
Revenue – continuing operations	277.2	291.2	291.5	309.8	298.3
Profit before tax	7.1	7.8	22.3	52.5	27.6
Taxation	(2.6)	(8.6)	(7.2)	(20.0)	(12.2)
Profit/(loss) from continuing operations	4.5	(0.8)	15.1	32.5	15.4
(Loss)/profit from discontinued operation	-	-	-	(0.2)	14.8
Profit/(loss) attributable to owners of the parent	2.3	(5.0)	8.3	25.2	23.8
Equity dividends paid	5.2	2.8	4.0	3.8	3.6
Equity					
Called up share capital	0.3	0.3	0.3	0.3	0.3
Reserves	388.3	376.3	395.4	395.2	368.1
Total shareholders' funds	388.6	376.6	395.7	395.5	330.8
Earnings/(loss) per share	83.3p	(181.0)p	300.5p	912.4p	861.7p
Earnings/(loss) per share – continuing operations	83.3p	(181.0)p	300.5p	919.6p	325.9p
Dividend paid per share	188p	102p	144p	138p	132p