Camellia Plc

2016

Camellia Plc

Report and accounts 2016

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Camellia Plc

Camellia at a glance

Camellia Plc is an international Group – a global family of diverse companies with a 129-year history employing approximately 80,000 people worldwide. Our operations are in Agriculture, Engineering, Food Service and the holding of Investments. From the start, Camellia's ethos has been based on the highest moral and professional integrity, and a commitment to doing the right thing – ethically and commercially, globally and locally. Profits are our lifeblood but not our soul.

Our business is built on two fundamental principles:

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

Our continuing business is made up as follows:

AGRICULTURE

2016: Turnover – £207.1 million, Trading profit – £29.9 million, Return on capital – 10.0%*

Core crops	*Locations*	*Mature area Ha.*	*Immature area Ha.*
Tea	India, Bangladesh, Kenya, Malawi	32,445	2,390
Macadamia	Kenya, South Africa, Malawi	2,356	1,126
Avocados	Kenya	415	100
Speciality crops			
Arable	Brazil	3,374	–
Forestry	Kenya, Malawi, Brazil	2,956	2,541
Rubber	Bangladesh	1,610	365
Citrus	USA	169	8
Pistachios	USA	131	–
Wine grapes	South Africa	63	11
Almonds	USA	56	–
Pineapples	Kenya	52	–
Other			
Joint Projects	Kenya	1,851	–
Cattle	Kenya	4,540 head	

*Return on capital = segment trading profit ÷ (segment assets less segment liabilities)

Camellia at a glance

ENGINEERING

2016: Turnover – £18.8 million, Trading loss – £2.6 million

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

FOOD SERVICE

2016: Turnover – £31.6 million, Trading profit – £0.8 million, Return on capital – 4.3%

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

INVESTMENTS

Investment type	*Locations*	*Market value at 31/12/16 £'m*
Investment Portfolio	Global	37.2
Investment Property	UK, Malawi, Isle of Man, Brazil	22.8
Collections	UK, India	9.2*

* Collections are stated at cost

ASSOCIATES

2016: Share of results after taxation – £5.1 million

	Location	*Activity*	*Holding %*
BF&M	Bermuda	Life and Non-life insurance	35.8
United Finance	Bangladesh	Banking	38.4
United Insurance	Bangladesh	Non-life insurance	37.0

DISCONTINUED OPERATIONS

As announced on 19 December 2016, the Group is in the process of disposing of its interest in the Duncan Lawrie Private Banking Group.

Camellia Plc

Directors and advisers

Directors	Malcolm Perkins, FCA	*Chairman (iii)*
	Chris Relleen, FCA	*Deputy Chairman, independent non-executive director and senior independent director (i) (ii) (iii)*
	Tom Franks, FCA	*Chief Executive*
	Graham Mclean, MSc	*Managing Director of Agriculture*
	Susan Walker, FCCA	*Chief Financial Officer*
	William Gibson	*Independent non-executive director (i) (ii) (iii)*
	Frédéric Vuilleumier	*Independent non-executive director (i)*
	(i) Audit committee (ii) Remuneration committee (iii) Nomination committee	
Secretary	Julia Morton, ACIS	
Registered office	Linton Park Linton Maidstone Kent ME17 4AB Registered Number 29559	
Nominated adviser and broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF	
Registrars	Capita Asset Services The Registry 34 Beckenham Road Kent BR3 4ZF	
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH	
Website	www.camellia.plc.uk	

Chairman's statement

I am pleased to report the results for 2016, which reflect a slightly increased headline profit from continuing operations of £26.5 million (2015: £26.4 million). Overall, a loss of £5.9 million was recorded for the year (2015: profit £7.2 million) due to the inclusion of a charge of £20.0 million in respect of the expected costs of closure and wind down of Duncan Lawrie. However, the expected future gain on sale of Duncan Lawrie's UK asset management business of £19.2 million is not included in the 2016 results. The timing of the various sales and closure of Duncan Lawrie means that the financial impact has to be recorded over two separate years and I urge shareholders to read the Chief Financial Officer's report on pages 15 to 17 where the full financial impact of the closure is described.

The attached Report and Accounts retain the format adopted last year of giving additional detail as to our individual operations, and this year we have also included significant information on our approach to both environmental and social sustainability and what that means for the Group. It has always been part of the Group's ethos to support the communities in which we operate, and I hope that this new disclosure will assist shareholders in understanding the full impact of that support.

As previously announced to the market and, as I refer to above, the fall in interest rates and the continuing uncertainty in the UK property market in the second half of 2016 led to the Board taking the decision to discontinue the operations of our private banking and wealth management business, Duncan Lawrie. The loan book was sold to Arbuthnot Latham on 19 December 2016 and at the same time we announced the sale of the UK asset management division to Brewin Dolphin subject only to approval from the Financial Conduct Authority ('FCA'). The FCA approval for the change of control has since been received and this transaction is expected to complete in May. There were no other significant changes to the Group structure in the year.

2016 was a notable year in many respects, not least of which was the Group's record production of 99.1 million kg of tea, an increase of 14.8% over 2015. At the same time macadamia production fell significantly in the year. This illustrates the impact of weather on our operations and the importance of our geographic and crop diversity.

The global political environment remains uncertain. The implications of Brexit will only be fully understood some years hence, but are unlikely to have a major effect on our businesses other than the implications from exchange rates. Of more concern are the pronouncements by politicians, particularly in Africa, regarding land security and the widespread corruption evident in so many of the countries in which we operate.

PricewaterhouseCoopers and its predecessor firms have been auditor to various companies in the Group since the 1960's, and more recently to Camellia. However, following corporate governance changes we are proposing the appointment of Deloitte as auditor to the Group. I would like to take this opportunity to thank PricewaterhouseCoopers for their help and contribution to the development of Camellia over their tenure.

Dividend

Your Board is recommending a final dividend of 95p per share which, together with the interim dividend already paid of 35p per share, brings the total distribution for the year to 130p per share compared with 129p per share for 2015.

Outlook

As ever, the outlook for 2017 is uncertain. Climate change, in the form of erratic rainfall patterns, heat waves and storms makes predicting crop volumes difficult; for example the start of 2017 has seen droughts continuing in parts of South Africa and significantly curtailed rainfall in Kenya and parts of the tea growing areas of India. The impact of this on production volumes and prices has yet to be established. The continuing low oil price provides a challenge to our oil service based engineering businesses, however the resilience of the UK economy has seen the other UK based businesses busier than they have been for some time.

Staff

As always, my thanks go out to all our staff for their efforts in 2016.

Malcolm Perkins
Chairman

26 April 2017

Chief Executive's report

I am pleased to present my second report as Chief Executive.

As set out in the Chairman's statement, the only major structural change to the Group this year was the decision to withdraw from our investment in Duncan Lawrie. A combination of lower interest rates, a weaker housing market and the consequent need to inject significantly more capital than we had anticipated led to the decision to dispose of this operation.

Now that the sale of the asset management division of Duncan Lawrie has received the relevant regulatory approvals for the change of control, the transaction is expected to complete in May 2017 we will then be able to finalise the process of formally winding down the bank and extract the capital that the Group has invested. This capital will then be available for investment in the Group's remaining operations, subject to ensuring that we are able to meet our obligations as regards the pension fund deficit described more fully in the Chief Financial Officer's report on page 16.

I am pleased to report improved performance from all three remaining divisions, reflecting the increased focus on these businesses arising from the managerial changes announced last year.

As a result of the decision to withdraw from Duncan Lawrie, the Group's remaining assets in Banking and Financial Services consist only of associate companies and therefore this is no longer reported as a separate division.

BUSINESS STRATEGY

The overall Group strategy, which is set out on page 18, remains unchanged with each division expected to perform against an agreed divisional strategy which sets out the goals and targets for the short and medium term and are set out below.

Agriculture

The Agriculture division strategy remains the same with the focus on our core crops of tea, macadamia and avocado where we have scale and geographic spread and therefore the opportunity to build a significant market presence.

Agriculture is the largest division, accounting for c80% of Group turnover and is the area where we have the greatest critical mass and see the best opportunities for the Group at the current time. It is therefore likely that this will be a focus for future investment.

Engineering

Engineering North. AJT Engineering continues to be impacted by the low oil price and the sharply reduced investment from the oil industry in the North Sea. Significant steps have been taken to reduce the size of the workforce, cut costs and diversify the business into other industries. Good progress has been made in this direction in both the rail and hydroelectric sectors, but the future for AJT Engineering will depend on a recovery of the oil sector in the North Sea.

Engineering South. The principal driver of growth in Engineering South continues to be Abbey Metal Finishing and its joint venture in Germany, Atfin which returned to profitability last year. Neither is yet at full capacity and both companies will continue to grow their customer base in the aerospace industry.

We intend for the remaining businesses in Engineering South to continue to grow organically over the coming years.

Food Service

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

Netherlands. Affish and Wylax, our fish trading and distribution businesses in the Netherlands, returned to profitability last year following the change in management early in 2016. They continue to work on their medium term strategy.

Chief Executive's report

Investments

Investment Portfolio. The Group has a portfolio, principally of listed investments, the strategy for which remains to invest for the long term 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. The strategy is to continue to invest in quality assets where an appropriate yield may be realised. The process of developing some of our existing properties to enhance yield will continue.

Collections. The Group has collections of art, philately and manuscripts which are regularly reviewed and are added to or sold as appropriate in order to enhance the collections.

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, our shares in this company having a market value of £52.2 million at 31 December 2016. With all our associates, we continually monitor our investment and may increase or decrease our holding in the future.

PERFORMANCE

Agriculture

Tea Production

2016 was a record year for global tea production and within the Group we achieved record production levels in India, Bangladesh and Kenya. However, whilst global consumption continues to rise, it is not at the rate of the production increases experienced last year and therefore 2016 saw price pressure in all the major tea producing countries. This, combined with an increasing production cost base, primarily through wage inflation, eroded margins.

	Mature area Ha.	*Immature area Ha.*	*2016 Volume mkg**	*2015 Volume mkg**
India	14,328	1,475	28.6	25.8
Bangladesh	8,488	689	14.1	10.3
Kenya	4,157	–	15.1	13.1
Malawi	5,478	221	15.6	14.4
Total	32,451	2,385	73.4	63.6

*Estate volumes only, in addition 20.3 million kg of tea was produced for smallholders (2015: 17.8 million kg) and a further 5.4 million kg for managed clients (2015: 4.7 million kg).

Tea pricing and operations

India

Our Indian tea operations saw a record production of 28.6 million kg, 10.9% higher than 2015 as a result of excellent growing conditions, particularly in Assam. Average tea prices in 2016 were up 1.7% in Rupee terms against 2015 levels. However, we believe that prices would have been higher had it not been for the problems with the implementation of the Pan India Tea Auction and the well-publicised impact of Indian demonetisation. Costs of labour continue to rise at a higher rate than prices and therefore we are investing in the mechanisation of field operations and the automation of our factory processes to improve productivity and reduce costs. In 2016, all spraying activities were mechanised along with some pruning and plucking.

Packet tea volumes were maintained at similar levels to last year and average selling prices were 3.1% higher than those of 2015.

All Assam and Darjeeling estates are Rainforest Alliance certified and all factories are FSSC 22000 (Food Safety System Certification) certified.

Chief Executive's report

Bangladesh
Production on our Bangladesh estates was also at record levels, being 36.9% higher than in 2015 due to benign weather conditions and the significant investments made over the last few years to improve yields. Average prices achieved were up 11.8% on 2015 reflecting the continuation of high duty tariffs on imported tea and strong local demand. However, there was a notable decline in prices towards the end of the year as the Chittagong auction became over supplied and this has continued during the first quarter of 2017.

During 2016 infilling was completed on the previous four years' replanting. A multiyear project to develop reservoir capacity for irrigation is underway.

Kenya
Kenya also achieved record production in 2016, but as a result of excellent growing conditions across Kenya (total country production was 19% up on 2015), the average tea price was 21.4% lower than in 2015. 95% of Kenyan teas are exported and prices are subject to significant volatility linked to production volumes. Fluctuations in the Kenyan tea price have a major impact on Group profitability. During the year, the Labour Court awarded an increase of 32% in wage rates spread over 2014 and 2015, but this remains subject to appeal and further negotiations with the trade unions.

During 2016 we increased the area of production under mechanical harvesting as well as increasing the level of automation in some of our factories. All factories are FSSC 22000 certified and all estates and outgrowers are Rainforest Alliance certified.

To date in 2017 there has been a drought across the entire tea producing area of Kenya, resulting in reduced volumes of crop and an increase in prices. 2017 will see a general election and continued discussions with trade unions and the Labour Court to resolve the ongoing impasse on wages.

Malawi
Production in Malawi also increased in 2016 and consequently pricing was down 6.4% on 2015. Production costs per kg were higher than those of 2015 despite the higher crop, reflecting inflationary pressure through substantial currency devaluation and significant wage increases. With our backing and support, the tea industry in Malawi has engaged in an industry revitalisation programme which looks to achieve, *inter alia*, a rise in wages and improvement in production levels as well raising the quality and price of Malawi's tea. To date there has been good progress in engaging with the trade union resulting in the signing of the first ever collective bargaining agreement in the industry's history in Malawi.

All estates and outgrowers are Rainforest Alliance certified, two factories have UTZ certification and three factories have FSSC 22000 certification.

2017 started with good growing conditions due to a normal wet season and prices have remained reasonably firm on the back of reduced volumes from Kenya. In 2016 we started producing a green tea which has been well received by the market, and we will be looking to increase volumes in 2017.

Macadamia Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2016 Tonnes*	*Volume 2015 Tonnes*
Malawi	1,249	200	388	530
South Africa	804	276	265	574
Kenya	303	650	138	52
Total	2,356	1,126	791	1,156

Macadamia production in 2016 was significantly reduced in Malawi and South Africa due to the drought that affected both regions and the consequential reduction in nut size. In Kenya the estates are still predominantly immature and production is increasing in line with the maturity of the trees.

Macadamia Pricing

Average prices for macadamia in 2016 were up 2.1% on 2015 levels, which reflected the reduced volumes across the industry brought on by the droughts in South Africa and Malawi. The Group has created a brand ‘Maclands’, to promote and market our macadamia nuts to wholesalers and food manufacturers.

Macadamia Operations

Malawi

Production of macadamia nuts was down 26.8% on the previous year due to the impact of dry weather conditions. This has also impacted 2017 volumes which are significantly lower than those of 2016. The processing factory has been FSSC 22000 certified.

South Africa

Volumes in 2016 were 53.8% below those of 2015, again reflecting the drought during 2015. Despite more normal rainfall in the last few months, the drought conditions experienced in 2016 are also likely to have an adverse effect on the crop for 2017. The ongoing development of the Mambedi Estate to macadamia orchards was delayed due to the drought but is expected to resume in 2017. The processing factory successfully completed the second phase of upgrading and has been FSSC 22000 certified.

Kenya

New plantings continued with 97 Ha being planted in the year. Construction of a macadamia processing factory, which began in April 2015, was completed in time to process the 2016 harvest and has operated ahead of expectations. The facility has been FSSC 22000 certified.

As with Malawi and South Africa 2017 yields are expected to suffer from the dry weather experienced in 2016 such that overall volumes in Kenya are expected to be similar to that of 2016.

Avocado Production

	Mature area Ha.	*Immature area Ha.*	*Volume 2016* mkg*	*Volume 2015* mkg*
Kenya	415	100	7.1	7.1

* Estate volumes only. In addition 1.8 million kg of smallholder fruit was packed (2015: 2.3 million kg)

Avocado Pricing and Operations

Good rainfall supported a satisfactory crop for the year, being 2% down on 2015 volumes (including smallholders). Average prices for Hass avocados in 2016 were at record levels (up 28.8% on 2015) as a result of demand from the European market. New plantings totalling 39 Ha of orchard were established and this development will continue in 2017. The avocado operations are FSSC 22000, Tesco’s Natures Choice and GLOBAL G.A.P. certified and Rainforest Alliance will be added to this list in 2017. The smallholder initiative is gaining momentum with the number of registered growers increasing each year.

Chief Executive's report

Speciality Crops Production

	Mature area Ha.	Immature area Ha.	Volume 2016 Tonnes	Volume 2015 Tonnes
Arable (Brazil)	3,374	–	24,078	25,888
Rubber (Bangladesh)	1,610	365	638	629
Citrus (USA)	169	8	4,293	4,844
Pistachio (USA)	131	–	678	31*
Wine grapes (South Africa)	63	11	437	625
Almonds (USA)	56	–	206	47
Pineapples (Kenya)	52	–	1,656	1,752
			m3	*m3*
Forestry	2,956	2,541	22,397**	17,042**

* 2015 was an 'off year' for Pistachios
** Volumes quoted are for conversion to value addition products rather than own use as fuel wood

Speciality Crops Pricing and Operations

Record soya production levels were recorded and the maize and soya crops in Brazil sold at significantly higher average prices than in 2015.

Sales volumes for rubber were 20% below those of 2015, however prices in 2016 were 6.8% higher reflecting increasing demand for natural latex.

Prices for California citrus were down 9.2% in the year and in common with other California based growers, our volumes were also lower.

Average prices for pistachios in 2016 were 50% lower than 2015 levels due to record crops in California. 2017 is an 'off' year.

Wine grape production in South Africa was down 30% on last year due to the dry weather conditions and bottled wine sale volumes were also lower. Results were in line with expectations although slightly down on the previous year.

Almond prices were reasonable despite the large crops in California and profits have been included in Group profit in 2016 for the first time.

Prices for fresh pineapple production in Kenya were marginally up on 2015.

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

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

In total, the Agriculture division made a trading profit of £29.9 million (2015: £26.7 million) on turnover of £207.1 million (2015: £186.5 million).

Engineering

Engineering North
Engineering North had a difficult year with the low oil price continuing to affect North Sea investment and impacting the order book for AJT Engineering in Aberdeen. Turnover at AJT Engineering fell from £9.6 million in 2015 to £6.9 million in 2016. With the oil price remaining low, the company is braced for another difficult year although it is to be hoped that the investment made in diversification into other sectors referenced above will start to show results this year. AJT Engineering achieved ISO 14001:2015 certification.

Engineering South
Abbey Metal Finishing returned to an operating profit in 2016 for the first time since the move to its new facility in 2010. Demand for its services in the aerospace sector shows no sign of slowing down and the company is now working on projects for Airbus, Rolls-Royce and SAFRAN. Its subsidiary, Atfin in Germany, has also now been approved by a number of key customers including Rolls-Royce, MTU and Aubert & Duval, and moved into profit in the last quarter of 2016.

Chief Executive's report

XiMo

XiMo, our industrial catalyst research and development business, continues to develop products with the objective of commercial use. In common with other research based businesses, it is expected to lose money pending the outcome of commercial trials.

In total, the Engineering division made a trading loss of £2.6 million (2015: trading loss £5.5 million) on turnover of £18.8 million (2015: £25.8 million).

Food Service

ACS&T saw turnover fall by 8.7% following a withdrawal from unprofitable business and as a result profits were in line with those of 2015. Capacity utilisation to date in 2017 has been significantly higher than normal for the time of year. ACS&T achieved ISO 14001:2015 certification.

In the Netherlands, both Affish and Wylax experienced challenging trading conditions, particularly as a result of currency movements, the impact of which had to be partially absorbed, but they have both returned to profitability.

In total the Food Service division made a trading profit of £0.8 million (2015: £0.7 million) on turnover of £31.6 million (2015: £31.9 million).

Investments

Investment Portfolio. Despite the significant fluctuations in both global equity and currency markets the value of the portfolio increased, assisted by the relative weakness of sterling. During the year we divested our long term holding in Ascendant Group and a number of additions and disposals were made across the portfolio. The gains on sale for the year were £1.5 million (2015: £0.4 million). The total value of the portfolio at 31 December 2016 was £37.2 million (2015: £30.6 million).

Investment Property. The site previously occupied by Loddon Engineering was transferred to investment property and has been let this year. Improvements were also carried out on certain properties. Following refurbishment, 6 Hobart Place, London is now available for rent.

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

Associates

BF&M experienced strong underlying trading in 2016. However, claims arising from the damage caused by hurricanes Matthew in the Bahamas and Nicole in Bermuda reduced profits for the year by Bermudian Dollar 10.1 million and together with claims arising from a significant fire in Bermuda led BF&M to report a profit before tax of Bermudian Dollar 17.9 million (2015: Bermudian Dollar 30.1 million). BF&M has been accounted for as an associate since 1 July 2015.

Our two associate companies in Bangladesh, United Insurance and United Finance, saw profits lower than 2015 reflecting increased competition in the insurance industry and lower interest rates respectively.

In total, the share of the results of associates amounted to £5.1 million (2015: £4.2 million).

Discontinued Operation – Duncan Lawrie

During the year, the Board announced the discontinuation of Duncan Lawrie's operations. The UK loan book has been sold to Arbuthnot Latham and we also announced the sale of the UK asset management division to Brewin Dolphin, subject to regulatory approval. Regulatory approval for the change of control has since been received.

In the Isle of Man, agreement has been reached with First Names Group to manage the trust business for a period of 6 months. During this time, the clients will be asked to transfer their business to First Names Group. An agreement has also been signed with Canaccord Genuity for the sale of the Isle of Man asset management business.

An orderly wind down of Duncan Lawrie's deposit taking and other banking operations in the UK and Isle of Man is underway. Duncan Lawrie is fully funded to return all cash balances to clients.

POLITICAL, LEGISLATIVE and LEGAL ISSUES

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

- As stated last year, at the start of 2016 the Government of Malawi put forward new legislation which proposed, *inter alia*, the conversion of all freehold property into 50 year leaseholds. There has been no update on this proposed legislation and therefore the impact on the Group is hard to assess.
- The Board continues to monitor and assess the impact of the UK's exit from the EU. To date the impact of the decision has been broadly confined to currency movements but we remain concerned about the costs of imports, particularly tea, on demand and the prices paid to producers.
- 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 general election in Kenya is due to take place on 8 August 2017. Historically these have been occasions of significant and sometimes violent unrest and we continue to monitor the situation carefully.

DEVELOPMENT

We continued to invest in our assets during the year and £10.2 million was spent on property, plant and equipment and investment property (2015: £19.4 million) including the following key projects:

- Completion of the macadamia cracking facility in Kenya
- Phase 2 of the upgrade to the macadamia cracking facility in South Africa
- Significant upgrades to the winery in South Africa
- Improvements at nine tea factories
- Additional irrigation facilities in India, Bangladesh, Kenya, Malawi and South Africa including the creation of three new reservoirs in Bangladesh
- Improvements to our investment property portfolio.

In addition to our continuous programme of replanting our tea areas, a programme to extend our planted areas in macadamia and avocado has been underway for a number of years and in 2016:

- 65 Ha (2015: 36 Ha) of new avocado plantings were completed in Kenya
- 97 Ha (2015: 158 Ha) of new macadamia plantings were carried out in Kenya, 47 Ha (2015: 81 Ha) in South Africa and 12 Ha (2015: 5 Ha) in Malawi.

SUSTAINABILITY AND CSR

Responsibility

The Group's businesses are fundamentally connected to the welfare of our communities and the environments in which we operate. We proactively invest to ensure that the environments where we do business are continually protected and improved. Our focus is on the long-term stability, security and continuity of our businesses and those communities.

In order to achieve this, we invest in, monitor and report on both Environmental and Social sustainability initiatives across all our divisions. In 2016, for the first time the Group compiled its global environmental footprint beyond CO_2 emissions. We measured and reviewed our impact in Greenhouse Gas emissions (GHG), Water and Waste, the results of which are summarised below. The Group is currently developing a range of long-term reduction targets on which we will report in due course.

Whilst monitoring and reducing our environmental footprint is critical, so too is ensuring the well-being of the communities in which we operate and on which we depend. We refer to this as 'social sustainability'. The level of health and educational facilities available from state governments varies widely across our operations, and consequently so does the focus and scale of our social sustainability projects. The level of support provided to many of these communities by the Group is substantial and is summarised below.

We also need to ensure that all our operations can demonstrate that they meet the requirements of our customers in terms of traceability and accreditation. 63% of our tea gardens are RFA certified and all our macadamia and avocado operations are FSSC 22000 certified. Further details of these are included in the operational reports above.

Environmental Sustainability

The key metrics for the Group include Greenhouse Gas emissions, water usage and waste produced. The table below sets out those metrics and also how they have developed since 2013.

	2016	*2015*	*2014*	*2013*
Energy & Carbon				
Total Energy Consumed (TWh)	1.22	1.15	1.24	1.27
Total Carbon Emissions (tonnes CO_2e)[1]	224,277	211,603	212,821	213,631
Scope 1 (tonnes CO_2e)	161,620	151,315	149,539	152,561
Scope 2 (tonnes CO_2e)	62,657	60,288	63,281	61,070
Water				
Total water withdrawal (million m3)[2]	40.1	34.9	37.6	31.8
Waste				
Total waste (tonnes)[3]	27,908	27,053	24,425	24,304

1. The significant increase in tea production in 2016 coupled with a lack of availability of other sources of power has led to an increase in Greenhouse Gas emissions in 2016 of 6.0%. Power shortages and the reliance on fossil fuels is a feature of developing countries and we are working to develop alternative, cleaner sources of energy.
2. The continued drought in Malawi and South Africa has increased the irrigation requirements of our Agricultural businesses.
3. Compost from agriculture accounts for over 80% of our waste impact. We are working to reduce waste and improve our recycling rates across all business units.

Some of the initiatives we are undertaking include:

- Pursuing operational efficiency, we are sharing energy management knowledge and expertise across our operations.
- Investment in renewable energy via solar projects in India and Africa, and environmental management systems adopted by all EU businesses.
- Developing modern water management solutions in many of our operations, such as micro-sprinklers in Africa and Regulated Deficit Irrigation. We build damns to collect water and support local wildlife and create wetlands to improve waste water quality before release into the waterways. Our work in this area is recognized by GLOBAL G.A.P. who awarded their International Award for Sustainable Water Use to our 'Stretching the Rains' project at Kakuzi, Kenya.

Social Sustainability

The key areas of social sustainability that we consider important are access for our employees to a fair wage and for them and their families to education, healthcare and housing. The table below shows the provision of schools and healthcare by the Group in 2016. In addition, we provide housing for over 200,000 people.

	2016
Schools*	279
School children educated annually	31,942
Hospitals/dispensaries/clinics*	113
Patients treated annually	559,000

*The funding and operation of schools and hospitals, provided for our workers and their communities, varies by location in accordance with local culture, practice and requirement. Some facilities are owned and operated by us directly, whilst others are fully or partly funded by us whilst being state and/or NGO managed and owned.

Chief Executive's report

Through a broad range of initiatives in Corporate Social Responsibility (CSR) across the group, we contribute to improved health and nutrition, hygiene and sanitation of our communities. We seek to optimise local infrastructure by supporting roads, access to water, local healthcare initiatives and education projects. This year, we have actively supported Forum for the Future's Tea 2030 and Ethical Tea Partnership's Malawi 2020 tea revitalisation projects. Our continued focus on developing sustainable housing for our working communities is reflected in major housing renewal projects in Malawi, Kenya and India.

Health
On an ongoing basis, the majority of our tea estates in India and Bangladesh have a hospital or a clinic and in India and Bangladesh we have central Group operated hospitals to which more serious cases can be referred. We provide medical services including where appropriate antiretroviral drugs in those communities where HIV/AIDs is prevalent. We also give medical support to schools that are either run locally or by our companies.

Pursuing our vision to contribute to greater health, every year we engage in projects which contribute to the health of the local community. For example this year we helped fund a new paediatric wing in a local hospital in Malawi and over 300 special needs children were educated at the Goodricke School for Special Education and Interlink Calcutta (of which we fund 50% of the running costs).

Education
Central to our social initiatives is the ability to provide the opportunity for development for all. We provide schools and crèches in areas where we operate, either by building and running the schools or by supporting state educational projects in our communities. We support almost 32,000 children each year through education initiatives.

Smallholders
Demonstrating our commitment to responsible sourcing, we developed the first, fully commercialised, smallholder empowerment scheme in East Africa, SIREET. This and other smallholder programmes form an integral part of our businesses in Kenya, Malawi and India.

Amongst other initiatives, we processed 86.3 million kg of green leaf tea and 1.6 million kg of avocados were packed and exported for smallholders during the year, we also ran agricultural practice training days. These initiatives enabled over 20,000 local farmers to improve their earnings by benefiting from our agricultural expertise, infrastructure and access to market.

Wages
The remuneration of workers in the tea industry remains a serious challenge. Resolving the issue of low pay in this industry is a complex task which has to involve growers, buyers, retailers, NGOs and governments but ultimately will not be addressed until the price of a cup of tea adequately reflects the resources required to produce it. We believe in taking an active role in this process and will continue to back up our principles with action.

As a Group we are committed to paying fair wages, benefits and allowances in accordance with local legislation and trade union agreements and have received certifications from UTZ, Fairtrade and the Rainforest Alliance, which require an audit of the Group's employment practices as part of maintaining the accreditations. We are also a key part of a number of other initiatives to address the issue of low pay in developing countries. All our UK companies are Living Wage accredited employers.

SUMMARY

In summary, I am pleased with the performance of the Group this year, albeit there remains much to do. Clearly the disposal of our interest in Duncan Lawrie was disappointing but the improved performance in all the continuing divisions is encouraging. Furthermore the cash that will become available from the closure of Duncan Lawrie, together with the substantial cash balances available elsewhere in the Group, will allow us to take advantage of the opportunities that will come. Inevitably many of the markets that we are in will continue to face challenges but I believe that we are well placed to face these and confident in our ability to continue to grow the business.

Tom Franks
Chief Executive

26 April 2017

Chief Financial Officer's report

Overview of results

The loss for the year ending 31 December 2016 was £5.9 million (2015: profit £7.2 million) primarily as a consequence of the decision to discontinue the operations of Duncan Lawrie, our private banking and wealth management business. The profit after tax for the year for continuing operations increased to £14.1 million (2015: £10.8 million) reflecting improved profits in all our remaining segments.

The Group had net assets of £379.6 million (2015: £360.4 million) and net cash and cash equivalents of £71.8 million (2015: £65.6 million), excluding balances relating to our banking operations.

Headline profit

The headline profit before tax for continuing operations for the year ending 31 December 2016 was slightly higher than the previous year at £26.5 million (2015: £26.4 million). Headline profit is a measure of underlying performance which is not impacted by exceptional and other items considered non-operational in nature and is designed to make clear the underlying trading performance of the Group. Profits or losses from disposal or impairments of assets held as investments (eg from the investment portfolio, investment property) are considered to be operational in nature. It excludes the results of Duncan Lawrie which was discontinued during 2016.

The reconciliation of statutory profit to headline profit is as follows:

	2016 *£'m*	*2015* *£'m*
Profit before tax from continuing operations	26.5	24.0
Bangladesh post employment benefits – past service cost	–	6.1
Profit on disposal of non-current assets – previous operating sites	–	(3.7)
Headline profit before tax from continuing operations	26.5	26.4

Discontinued operation

As a consequence of the decision to exit from Duncan Lawrie, the results of Duncan Lawrie have been reclassified as a discontinued operation with a corresponding reclassification in 2015. The loss from the discontinued operation was £20.0 million (2015: £3.6 million) comprising the following:

	2016 *£'m*	*2015* *£'m*
Duncan Lawrie's operating loss	(7.5)	(3.5)
Costs associated with the closure of the operations (including staff termination, contract termination and advisors fees)	(10.3)	–
Impairment of property, plant, equipment, intangibles, loans and advances to customers	(1.2)	(0.1)
Loss on sale of UK loan book and provision for loss on sale of Isle of Man loan book	(2.8)	–
Profit on sale of available for sale financial assets	1.2	–
Profit on sale of held to maturity financial assets	0.6	–
Loss from discontinued operation	(20.0)	(3.6)

Impact on 2017 results

In December 2016 we announced the sale of the UK loan book the losses relating to which are reflected in 2016. At the same time we announced the sale of Duncan Lawrie's UK asset management business, subject to regulatory approval. Subsequent to the year end approval for the change of control, has been received and the sale is expected to complete in May 2017. This disposal is expected to generate a gain on sale of £19.2 million which will be reflected in the results for 2017, as will a small profit on the sale of the Isle of Man asset management business and trust operations. Duncan Lawrie will continue to trade during 2017 and will incur substantial operating losses as it winds down the residual operation.

There are three properties which are currently occupied by Duncan Lawrie which are expected to be retained by the Group for refurbishment or development in advance of tenants being sought. These properties will be reclassified as investment properties during 2017.

Chief Financial Officer’s report

Accounting policies and practices

This is the first year in which our permanent plantings have been classified under IAS 16 as property, plant and equipment to be depreciated over their expected useful life. Our 2015 results have been restated so as to be comparable with the current year results.

Currencies

Over the course of the year ending 31 December 2016, Sterling weakened substantially against all our key operating currencies – 16.2% against the US Dollar, 14.1% against the Indian Rupee, 16.1% against the Bangladesh Taka, 8.7% against the Malawi Kwacha, 16.2% against the Kenya Shilling, 26.2% against the South African Rand and 31.4% against the Brazilian Real. This has resulted in a gain on foreign exchange translation of £52.0 million (2015: loss £13.4 million) which is reflected in the Statement of comprehensive income. Despite the significant movement in exchange rates against sterling between the beginning and end of the year, had we translated our profit before tax for the year using the same average rates as last year, our results for 2016 would have been £0.4 million lower, partly reflecting the devaluation of the Malawi kwacha. Our profit before tax from continuing operations includes exchange gains of £0.7 million on transactions during the year and £0.4 million net exchange gain on translation of foreign cash balances.

Cashflow

The Group’s net cash position increased to £71.8 million at 31 December 2016 (2015: £65.6 million) (excluding net cash balances held within Duncan Lawrie) reflecting, *inter alia*, strong net cash inflows from continuing operating activities of £23.8 million (2015: inflow £37.4 million).

The net proceeds from the discontinuation of Duncan Lawrie of approximately £32 million will become available to the Group during 2017 and will be reflected in the Group’s net cash position once no longer ringfenced as regulatory capital.

As explained below, contributions towards the deficit on the UK defined benefit pension scheme may increase once the triennial valuation has been completed.

Dividends

In line with the Group’s long term horizons, the key use of cash is reinvestment in the business. Despite this, Camellia has a long track record of steady dividend growth and it is the intention that this historic trend is maintained. Given the substantial cash resources currently available to the Group, we see no reason why this should not continue.

Taxation

The Group’s effective tax rate of 190.8% (2015: 64.7%) reflects the geographic mix of profits in higher tax rate jurisdictions and, in particular, the loss from the discontinued operation and the continuing losses incurred in the UK which we are currently unable to relieve against profits elsewhere in the Group.

The 2015 tax charge reflects a provision for taxation in Malawi arising from assessments raised by the Malawi Revenue Authority for unpaid taxes from prior years. We continue to be of the view that the claim is without technical merit.

Pensions and post-employment benefits

The Group operates a number of defined benefit pension schemes, the largest of which is in the UK. The overseas defined benefit schemes are located in Bangladesh, India and the Netherlands. The UK scheme has been closed to new entrants for a number of years and during 2016 was closed to future accrual. 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 deficits of £66.7 million (2015: £38.6 million deficit).

Chief Financial Officer's report

Accounting for defined benefit schemes is prescribed by IAS 19 and the quantum of the deficit continues to be volatile and sensitive to small changes in assumptions as regards inflation and gilt yields in the relevant jurisdictions. This year a net actuarial loss of £24.3 million (2015: net actuarial gain of £9.1 million) is reflected in the Statement of comprehensive income.

In addition, £2.2 million (2015: £8.4 million) has been charged to our income statement in respect of employee benefit obligations. £6.1 million of the cost in 2015 relates to obligations for prior years post-employment benefits arising from legislation in Bangladesh.

Contributions to the externally funded defined benefit schemes are determined after consultation with the respective trustees and actuaries. In the UK, additional annual contributions of £0.9 million are being made to reduce the scheme's funding deficit. Our next triennial valuation will take place as at 1 July 2017 and it is possible that we will have to increase the contributions being made towards the funding deficit in future years.

Shareholders' funds

Equity attributable to Camellia's shareholders at the 2016 year end was £330.8 million (2015: £320.9 million). A reconciliation is set out in the Group statement of changes in equity.

Susan Walker
Chief Financial Officer

26 April 2017

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 2016 and a description of principal risks and uncertainties facing the Group. A fair review of the business of the Group is incorporated within the Chairman's statement and the Chief Executive's report on pages 5 to 14. The Chairman's statement and the Chief Executive's report, together with information contained within the report of the directors, highlight the key factors affecting the Group's development and performance. Further details of the financial performance and position of the Group are set out in the Chief Financial Officer's report on pages 15 to 17. Other matters are dealt with below:

Group strategy

The Board has adopted the following strategy for the Group:

- to develop a worldwide group of businesses requiring management to take a long term view
- the achievement of long-term shareholder returns through sustained and targeted investment
- investing in the environment and sustainability of the communities in which we do business
- ensuring that the quality and safety of our products and services meet the highest international standards
- the continuous refinement and improvement of the Group's existing businesses using our internal expertise and financial strength.

The progress against this strategy during the year is set out in further detail in the Chief Executive's report shown on pages 6 to 14 and within the report of the directors.

Business model

The Group consists of businesses engaged in Agriculture, Engineering and Food Service. The Group also holds a range of Investments. Businesses are managed on a divisional basis with regular reports made to the Board on performance against the annual budget.

A decision was made to exit from Duncan Lawrie Private Bank during 2016.

Principal risks and uncertainties

There are a number of possible risks and uncertainties that could impact the Group's operations. As the Group's businesses are widely spread both in terms of activity and location, it is unlikely that any one single factor could have a material impact on the Group's long-term performance. The Group regularly monitors the risks at a local and central level. Information on the Group's financial risks is disclosed in note 39 of the accounts. The following risks relating to the Group's principal operations have been identified:

Agriculture

Risk	*Potential Impact*	*Mitigation*
Climate change	Level of rainfall affecting crop yields and in extreme cases crop viability.	Investment in irrigation and drought resistant crop varieties. Geographical spread of operations to lessen the impact of extreme weather on the Group as a whole.
Price volatility	Changes in prices at auction impact profitability each season.	Use of forward contracts, product and crop diversification and strategic relationships with key customers.
Currency fluctuation	Profit volatility arising from sales in US dollars and Euros.	Monitoring of foreign exchange rates and cash management.
Cost of labour	Increased cost of production and lower profitability.	Introduction of more efficient labour and field practices and the increased use of mechanisation and automation in processing.

Agriculture (continued)

Risk	*Potential Impact*	*Mitigation*
Long term political issues over land ownership in Kenya, Malawi and South Africa	Paying more for existing property (for example if freeholds become leaseholds) or potentially losing access to farms and estates.	Monitoring local land issues with the assistance of lawyers and local trade associations. Maintaining collaborative relationships with governments at local and national levels.
Civil unrest and political instability	Periodic interruptions to the operation of the businesses at a local level.	Increasing security for our workers and operations during times of civil unrest.
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 Anti-Bribery Policy.

Engineering

Risk	*Potential Impact*	*Mitigation*
Dependence on the oil and gas and aerospace sectors	Changes in market conditions leading to lower demand for services.	Efforts to diversify into other sectors. Close monitoring of the current sectors.
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 audits.
Environmental	Vulnerability of the local and wider environment due to the use of machinery and chemicals. Payment of fines and claims and reputational damage.	Strict compliance with legislation, training employees to adopt safe working practices and lessen the impact on the environment. Regular external audits.
Key customer dependence	Losing a major customer.	Diversification of the customer base and careful customer relationship management.

Food Service

Risk	*Potential Impact*	*Mitigation*
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 audits.
Environmental	Vulnerability of local and wider environment due to the use of machinery and chemicals. Payment of fines and claims and reputational damage.	Strict compliance with legislation, training employees to adopt safe working practices and lessen the impact on the environment. Regular external audits.
IT systems	Interruption to services for the customers.	Implementation of a disaster recovery plan.
Key customer dependence	Losing a major customer.	Diversification of the customer base and careful customer relationship management.

Investments

Risk	*Potential Impact*	*Mitigation*
Market fluctuations	Decline in the value of investments.	Portfolio diversification and the regular monitoring of individual stock performance.

Group

Risk	*Potential Impact*	*Mitigation*
Increases in inflation and/or reductions in long term government bond yields in the UK and overseas	Increase in pension scheme deficits with a resultant increase in the funding requirement.	The final salary section of the UK pension scheme is closed to new entrants and to future accrual. The Board monitors the funding position of the pension schemes and makes payments in accordance with a deficit reduction programme agreed with the trustees of the UK scheme. Regular monitoring of the funding position and performance of the assets.

Taxation risk

The Group operates in a large number of countries around the world. Uncertainties exist in relation to the interpretation of complex tax legislation, changes in tax laws, and the amount and timing of future taxable income. In some jurisdictions agreeing tax liabilities with local tax authorities can take several years. This could necessitate future adjustments to taxable income and expense already recorded.

At the year end date, tax liabilities and assets are based on management's best judgements around the application of the tax regulations and an estimate of the future amounts that will be settled. Management considers tax exposures individually, and arrives at judgements with support from experienced tax professionals and external advisors. There is, however, a risk that the Group's judgements are challenged by the tax authorities, resulting in a different tax payable or tax recoverable from the amounts that have been provided.

The key uncertainties impacting taxation also arise from potential changes to legislation. The OECD's Base Erosion and Profit Shifting (BEPS) project is one of the most significant multilateral initiatives in recent years modifying international tax rules. As these recommendations are introduced into local tax legislation over the coming years, this may impact the Group's effective tax rate.

Social and environmental policies

Further information on the Group's activities and policies on corporate and social responsibility is set out in the Chief Executive's report on page 6 to 14.

Equality

We have consciously and continuously worked towards encouraging equality in management positions across our operations. All our social projects are available to the local communities without reference to gender or religion.

Child Labour

The use of child labour is prohibited by all of our businesses. The minimum legal working age varies around the world and in some countries it is both the cultural norm and permissible for parents to involve their children in the productive process. We do not subscribe to this approach.

Modern Slavery

This year, the Group adopted new policies and practices to comply with the requirements of the Modern Slavery Act 2015, to ensure that modern slavery and human trafficking is not taking place either within the wider group or in the supply chains of our businesses. A copy of the statement of compliance for the year to 31 December 2016 is available on the Company's website.

Anti-Bribery

The Board has adopted an anti-bribery policy which complies with the requirements of the UK Bribery Act 2010. The policy has been introduced across the Group and its compliance is monitored at both Group and local level. The Board does not permit bribery as part of its business practices.

Performance against our policies

There are no current employment or environmental issues that prejudice the continuing development of the Group. None of the Group's businesses were prosecuted for any significant breach of employment legislation during the year. The Board has established a process for ensuring that the corporate social responsibility policy is enforced across the Group.

Key financial performance indicators

The nature of the Group's principal activities is such that the Board takes a long-term view on its operations, particularly in Agriculture. It is also concerned to improve the quality of the Group's assets over the long-term and monitors that annually by reference to return on net assets achieved in the main segments of the business.

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

In Agriculture, the Board receives monthly data on sales price, cost of production and crop yields against budget. Rainfall patterns are also reviewed.

In the Engineering division, the Board receives monthly data on revenue, profit and margins. In addition, the value of the outstanding order book is reviewed.

In Food Service, the Board receives monthly data on revenue, profit and margins. In addition, cold store utilisation is monitored.

For investments, the value of the share portfolio is reviewed each month and the collections are periodically valued against market price.

Key non-financial performance indicators

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

1 Compliance		2016	*2015*	*2014*
a) Prosecutions	The number of prosecutions brought in the financial year by the official regulatory bodies responsible for enforcing regulations in the areas of:			
	– Employment	–	–	–
	– Worker health and safety	–	–	–
	– Environmental protection	–	–	–
b) Formal warnings	The number of written warnings during the financial year year by the official regulatory bodies responsible for enforcing regulations in the areas of:			
	– Employment	–	–	–
	– Worker health and safety	1	*3*	–
	– Environmental protection	–	–	–
2 Child Labour				
a) Minimum age	The number of employees who were less than 15 years old during the financial year	–	–	–
b) Access to education	The number of employees who were younger than the age for completing compulsory education in their country during the financial year	–	–	–

3 Accidents		2016	*2015*	*2014*
a) Injury	The number of injuries received at work resulting in either absence from work for more than three days, or the injured person being unable to do the full range of their normal duties for more than three days	287	*317*	*308*
4 Health				
a) Sickness absence	The number of employee days absence as a result of sickness during the financial year[(i)]	237,527	*238,160*	*243,095*
b) Sickness claims	The number of claims for compensation arising from occupational health issues received during the financial year in respect of continuing operations	10	*20*	*167*

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

Employees

The Group keeps employees informed, through internal publications, the website and social media on the performance of the Group and on matters affecting them as employees and arrangements to that end are made by the management of individual subsidiary undertakings.

It is also Group policy that due consideration be given to employment applications received from disabled persons and to give employees who become disabled every opportunity to continue their employment.

The table below provides a breakdown of the gender of the directors and employees at 31 December 2016:

	Men	Women
Company directors (i)	6	1
Other senior managers (ii)	7	2
All employees	45,177	35,721

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

(ii) "Other senior managers" is as defined in The Companies Act 2006 (Strategic report and directors' report) Regulations 2013, and includes persons responsible for planning, directing or controlling the activities of the company, or a strategically significant part of the company, other than company directors.

By order of the Board

Julia Morton
Secretary

26 April 2017

Report of the directors

The directors present their report together with the audited consolidated accounts for the year ended 31 December 2016.

Principal activities

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

Agriculture
Engineering
Food Service
Investments

Further details of the Group's activities are included in the Chief Executive's report on pages 6 to 14.

Results and dividends

The loss after taxation for the year amounted to £5.9 million (2015: profit £7.2 million). The Board has proposed a final dividend for the year of 95p per share payable on 7 July 2017 to holders of the ordinary shares registered at the close of business on 9 June 2017. The total dividend payable for 2016 is therefore 130p per share (2015: 129p per share). Details are shown in note 12.

Directors and Secretary

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

Camellia Plc ordinary shares of 10p each:	31 December 2016	1 January 2016
Malcolm Perkins	1,673	1,673
Tom Franks	100	–
Susan Walker	100	–

Under the company's articles of association all the directors are required to retire annually. Accordingly, Malcolm Perkins, Tom Franks, Susan Walker, Graham Mclean, Chris Relleen, Frédéric Vuilleumier and William Gibson will retire and, being eligible, will seek re-election at the AGM on 1 June 2017.

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

Executive directors

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

Tom Franks was appointed as Chief Executive with effect from 1 September 2015. He joined Camellia as Deputy Chief Executive in October 2014. He is a chartered accountant and a Fellow of the Chartered Institute of Securities & Investment.

Graham Mclean, a qualified agriculturalist, was appointed as Managing Director of Agriculture in October 2014. He was previously regional director of the Group's operations in Africa and has worked for the Group for 24 years. He is Chairman and non-executive director of Kakuzi Limited.

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.

Report of the directors

Non-Executive directors
Chris Relleen was formerly a partner in PricewaterhouseCoopers. He was appointed as independent non-executive director and deputy chairman in January 2006 having previously been a non-executive director of Linton Park Plc. He is senior independent director, chairman of the audit committee and a member of the nomination and remuneration committees.

William Gibson was appointed as an independent non-executive director in September 2014. He was previously chairman and managing director of Westminster Press and an executive director of the Financial Times Group. He is chairman of the remuneration committee and a member of the audit and nomination committees.

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

Secretary
Julia Morton has been company secretary since September 2011.

Substantial shareholdings

As at 26 April 2017 the company has been advised of the following interests in the share capital of the company:

Beneficial shareholder	Shareholder	No of Shares	% of total voting rights
Camellia Private Trust Company Limited	Camellia Holding AG	1,427,000	51.67
Fide Holding NV*	Lynchwood Nominees Limited	240,000	8.69
Alcatel Bell Pensioenfonds VZW	Lynchwood Nominees Limited	115,469	4.18
Quaero Capital SA	HSBC Global Custody Nominee (UK) Limited	111,417	4.03

*controlled by Alcatel Bell Pensioenfonds VZW

Share capital and purchase of own shares

The company's share capital comprises one class of ordinary shares of 10 pence each which carry no restrictions on the transfer of shares or on voting rights (other than as set out in the company's articles of association). There are no agreements known to the company between shareholders in the company which may result in restrictions on the transfer of shares or on voting rights in relation to the company. Details of the issued share capital are contained in note 34 to the accounts.

At the annual general meeting in 2016, shareholders gave authority for the company to purchase up to 276,200 of its own shares. This authority expires at the conclusion of this year's annual general meeting at which a resolution proposing renewal of the authority will be submitted to shareholders.

Disclosure of information to auditors

PricewaterhouseCoopers LLP will be retiring as auditors of the company at the AGM on 1 June 2017. A resolution proposing the appointment of Deloitte LLP will be put to the annual general meeting.

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

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

(b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Employees

Details in relation to employees are set out on page 22.

Financial risk management

Details in relation to financial risk management are set out on pages 18 to 20.

Future development

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

Going concern

After reviewing the Group's budget for 2017 and other forecasts, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore they continue to adopt the going concern basis in preparing the accounts.

Corporate governance

The company's statement on corporate governance can be found in the corporate governance report on pages 26 to 29.

By order of the Board

Julia Morton
Secretary

26 April 2017

Corporate governance

Statement of compliance

This statement on pages 26 to 29 describes how the company applies the principles of the Quoted Companies Alliance's Corporate Governance Code for Small and Mid-size Quoted Companies ("QCA guidelines"). At the time of the company's delisting from the Main Market of the London Stock Exchange and admission to trading on AIM in September 2014, it was stated that the Board did not envisage any significant alteration to the standards of reporting and governance which the company maintained at that time and this continues to be the case. The application of standards of corporate governance that are appropriate for the Group's nature, status, profile, size and circumstances plays an important part in ensuring the Group is managed for the long-term benefit of all stakeholders.

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

The Board

The Board currently comprises seven directors, three of whom are independent non-executive directors. The remaining directors are executive directors, including the executive Chairman. Chris Relleen, the Deputy Chairman, has been designated as the senior independent director. The names and brief biographical details of each director appear on pages 23 and 24.

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

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

The Board has agreed to undertake a performance evaluation by way of an internal review every three years. The last evaluation was conducted in 2015. Details of the evaluation procedures will be disclosed when the next review is completed.

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 committees
- Approval of changes to capital structure.

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

Corporate governance

A report summarising the Group's financial and operational performance including detailed information on each of its businesses is sent to directors each month. Each director is provided with sufficient information in advance of Board meetings to enable the directors to make informed judgments on matters referred to the Board. The Board met ten times in 2016.

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

Director	Board	Audit	Remuneration
Malcolm Perkins	10/10	–	–
Chris Relleen	10/10	3/3	1/1
Tom Franks	10/10	–	–
Graham Mclean	10/10	–	–
Susan Walker	10/10	–	–
William Gibson	10/10	3/3	1/1
Frédéric Vuillieumer	10/10	3/3	–

Executive committees

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

Investments and Associates report directly to the Chief Executive.

Nomination committee

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

The principal responsibilities of the nomination committee are set out below:

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

The committee did not meet during the year.

Audit committee

The audit committee is chaired by Chris Relleen. The other members of the committee are Frédéric Vuilleumier and William Gibson. During 2016, the committee met on three occasions.

Corporate governance

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

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

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

Bearer plants – IAS 41 was amended effective from 1 January 2016 to reclassify bearer plants as property, plant and equipment rather than biological assets. The accounting policies for bearer plants and judgements made by management in implementing the amended standard in 2016 and in restating the results for 2015 were considered by the committee.

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

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

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

Discontinued operation – The committee considered the reclassification of Duncan Lawrie's results for 2015 and 2016 as a discontinued operation including reviewing the provisions made in respect of closure costs.

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

The 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 audit committee undertook a review of the Group's external audit requirements following a change in the rules on audit rotation in India and agreed to appoint Deloitte LLP as the external auditor for the Group.

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

Remuneration committee

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

The responsibilities of the committee include:

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

The remuneration report appears on pages 31 to 33.

Insurance

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

Share capital structure

The share capital of the Group is set out in note 34.

Internal control and risk management systems

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

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

By order of the Board

Julia Morton
Secretary

26 April 2017

Statement of directors' responsibilities

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

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

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

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

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

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

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

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

On behalf of the Board

Malcolm Perkins
Chairman

26 April 2017

Remuneration report

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

Remuneration committee

Details of the remuneration committee ("the committee") are set out on page 29.

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.

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 will be submitted to shareholders at the forthcoming AGM. It was last approved by shareholders at the AGM held on 5 June 2014. The committee considers any views of the shareholders expressed on directors' remuneration.

At the AGM on 2 June 2016, the remuneration report for the year to 31 December 2015 was approved by shareholders with 99.71% of the votes cast in favour, 0.29% of the votes cast against and nil votes withheld.

Service contracts

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

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

The service contracts are terminable at any time by a one year period of notice from the company or the director. Following their initial appointment non-executive directors may seek re-election by shareholders at each subsequent annual general meeting. Non-executive directors do not have service agreements. There are no specific contractual provisions for compensation upon early termination of a non-executive director's employment. The remuneration committee reviews salaries annually and will seek independent professional advice when appropriate.

Remuneration report

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

Directors' remuneration

	Basic Remuneration		Benefits in Kind		Loss of Office		Employer Pension Contribution		Total	
	2016	*2015*	2016	*2015*	2016	*2015*	2016	*2015*	2016	*2015*
	£	£	£	£	£	£	£	£	£	£
Executive										
Malcolm Perkins	442,344	*442,344*	33,212	*32,680*	–	–	–	–	475,556	*475,024*
Tom Franks	495,000	*426,800*	68,095	*49,112*	–	–	–	–	563,095	*475,912*
Susan Walker	250,000	*175,963*	30,676	*80,153*	–	–	20,000	*14,077*	300,676	*270,193*
Graham Mclean	275,000	*255,000*	37,209	*26,074*	–	–	22,000	*20,400*	334,209	*301,474*
Chris Ames	–	*161,890*	–	*13,962*	–	*368,896*	–	–	–	*544,748*
Peter Field	–	*271,006*	–	*26,231*	–	–	–	–	–	*297,237*
Anil Mathur	–	*109,671*	–	*26,285*	–	–	–	–	–	*135,956*
Non-executive										
William Gibson	43,350	*42,500*	–	–	–	–	–	–	43,350	*42,500*
Chris Relleen	87,500	*62,500*	–	–	–	–	–	–	87,500	*62,500*
Frederic Vuilleumier	40,800	*40,000*	–	–	–	–	–	–	40,800	*40,000*
Totals	1,633,994	*1,987,674*	169,192	*254,497*	–	*368,896*	42,000	*34,477*	1,845,186	*2,645,544*

Notes

1. The Executive directors' benefits in kind include the value attributed to medical insurance, permanent health insurance, spouse/partner travel and cash alternatives to company cars.
2. Susan Walker received a payment for relocation expenses following her move from Edinburgh to Kent, UK in 2015.
3. Anil Mathur retired as a director on 4 June 2015 and Peter Field retired on 31 December 2015.
4. Chris Ames resigned from the board on 10 July 2015 and received a payment of £368,896 for loss of office. This included a payment in lieu of notice equivalent to 12 months of base salary and benefits in kind.
5. Chris Relleen receives an additional annual fee for his chairmanship of the audit committee and for his non-executive directorship of Duncan Lawrie Limited.
6. William Gibson receives an additional annual fee for his chairmanship of the remuneration committee.

Directors' pensions

Malcolm Perkins received no payment for pensionable service during 2016.

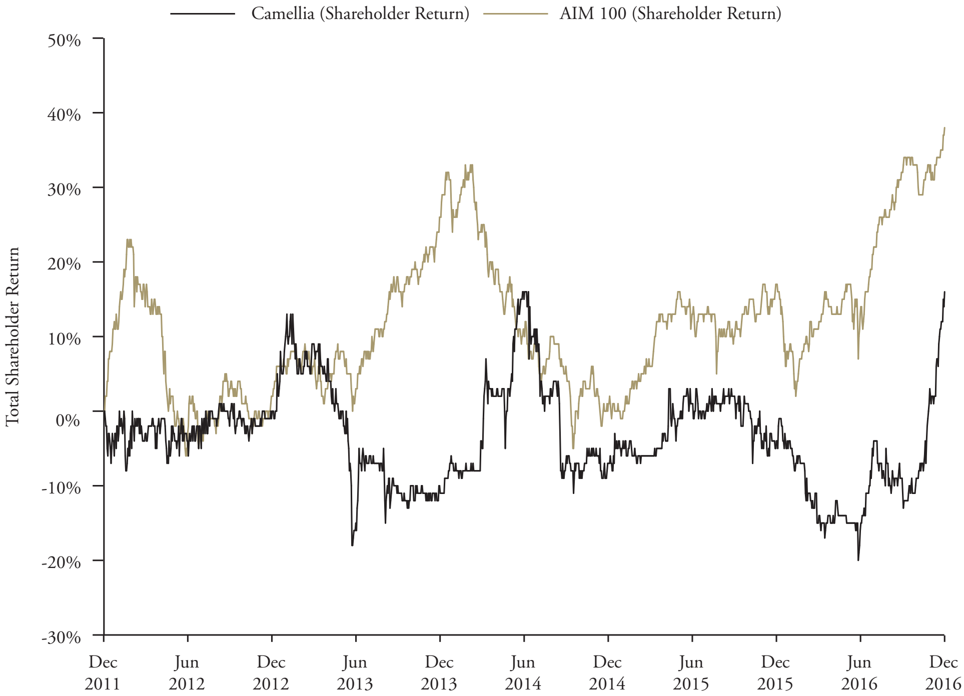
Tom Franks receives an excess non-pensionable salary supplement equivalent to 10% of base salary. Graham Mclean and Susan Walker are members of the Linton Park Group Personal Pension Scheme which is a defined contribution based scheme.

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

Remuneration report

Performance review

The following graph shows the total return on an investment in the company's shares over the 5 years ended 31 December 2016 compared with the return achieved by the FTSE AIM 100 index. This index has been selected as there is no specific index that is comparable to the activities of the company.



By order of the Board

Julia Morton

Secretary

26 April 2017

Consolidated income statement
for the year ended 31 December 2016

	Notes	2016 £'m	*2015 £'m Restated*
Continuing operations			
Revenue	2	257.9	*244.7*
Cost of sales		(188.5)	*(179.2)*
Gross profit		69.4	*65.5*
Other operating income		2.3	*1.8*
Distribution costs		(14.7)	*(13.0)*
Administrative expenses	3	(38.0)	*(41.2)*
Trading profit	3	19.0	*13.1*
Share of associates' results	5	5.1	*4.2*
Impairment of available-for-sale financial assets		–	*(0.5)*
Impairment of property, plant and equipment and provisions		–	*0.2*
Profit on disposal of non-current assets	6	–	*3.7*
Profit on disposal of available-for-sale investments	7	1.5	*0.4*
		25.6	*21.1*
Investment income		0.6	*1.4*
Finance income	8	2.7	*3.1*
Finance costs	8	(0.6)	*(0.7)*
Net exchange gain	8	0.4	*0.8*
Employee benefit expense	8	(2.2)	*(1.7)*
Net finance income	8	0.3	*1.5*
Profit before tax from continuing operations		26.5	*24.0*
Comprising			
– headline profit before tax from continuing operations	4	26.5	*26.4*
– exceptional items	4	–	*(2.4)*
		26.5	*24.0*
Taxation	9	(12.4)	*(13.2)*
Profit from continuing operations		14.1	*10.8*
Loss from discontinued operation	10	(20.0)	*(3.6)*
(Loss)/profit for the year		(5.9)	*7.2*
(Loss)/profit attributable to:			
Owners of the parent		(10.7)	*1.4*
Non-controlling interests		4.8	*5.8*
		(5.9)	*7.2*
(Loss)/earnings per share – basic and diluted	13	(387.4)p	*50.7p*

Statement of comprehensive income
for the year ended 31 December 2016

	Notes	2016 £'m	*2015 £'m Restated*
Group			
(Loss)/profit for the year		(5.9)	*7.2*
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post employment benefit obligations	33	(24.3)	*9.1*
Deferred tax movement in relation to post employment benefit obligations	32	1.2	*0.6*
		(23.1)	*9.7*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		52.0	*(13.4)*
Available-for-sale investments:			
Valuation gains taken to equity	23	3.5	*0.2*
Transferred to income statement on sale	23	(1.2)	*(0.2)*
Share of other comprehensive income of associates		0.2	*(0.1)*
		54.5	*(13.5)*
Other comprehensive income/(expense) for the year, net of tax		31.4	*(3.8)*
Total comprehensive income for the year		25.5	*3.4*
Total comprehensive income attributable to:			
Owners of the parent		13.8	*2.5*
Non-controlling interests		11.7	*0.9*
		25.5	*3.4*
Company			
Profit for the year		4.0	*4.1*
Total comprehensive income for the year		4.0	*4.1*

Consolidated balance sheet

at 31 December 2016

	Notes	2016 £'m	*2015 £'m Restated*
Non-current assets			
Intangible assets	16	1.1	*7.9*
Property, plant and equipment	17	232.2	*205.1*
Investment properties	18	17.0	*15.8*
Biological assets	19	13.9	*11.1*
Prepaid operating leases	20	1.0	*0.8*
Investments in associates	22	61.0	*48.9*
Deferred tax assets	32	0.2	*2.5*
Available-for-sale financial assets	23	37.2	*30.6*
Held-to-maturity financial assets	24	–	*27.7*
Other investments – heritage assets	25	9.2	*9.0*
Retirement benefit surplus	33	0.1	*0.2*
Trade and other receivables	27	1.8	*22.7*
Total non-current assets		374.7	*382.3*
Current assets			
Inventories	26	50.6	*37.8*
Biological assets	19	7.2	*6.2*
Trade and other receivables	27	40.6	*55.6*
Held-to-maturity financial assets	24	–	*1.8*
Current income tax assets		1.0	*0.8*
Cash and cash equivalents	28	72.9	*237.8*
		172.3	*340.0*
Assets classified as held for sale	10	266.9	*–*
Total current assets		439.2	*340.0*
Current liabilities			
Borrowings	30	(1.7)	*(5.4)*
Trade and other payables	29	(66.9)	*(258.9)*
Current income tax liabilities		(6.5)	*(9.3)*
Employee benefit obligations	33	(0.9)	*(1.0)*
Provisions	31	(0.4)	*(0.3)*
		(76.4)	*(274.9)*
Liabilities directly associated with assets classified as held for sale	10	(244.2)	*–*
Total current liabilities		(320.6)	*(274.9)*
Net current assets		118.6	*65.1*
Total assets less current liabilities		493.3	*447.4*
Non-current liabilities			
Borrowings	30	(4.5)	*(5.1)*
Trade and other payables	29	–	*(4.4)*
Deferred tax liabilities	32	(43.3)	*(39.7)*
Employee benefit obligations	33	(65.9)	*(37.8)*
Total non-current liabilities		(113.7)	*(87.0)*
Net assets		379.6	*360.4*
Equity			
Called up share capital	34	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		315.2	*305.3*
Equity attributable to owners of the parent		330.8	*320.9*
Non-controlling interests		48.8	*39.5*
Total equity		379.6	*360.4*

Company balance sheet
at 31 December 2016

	Notes	2016 £'m	*2015* *£'m*
Non-current assets			
Investments in subsidiaries	21	73.5	*73.5*
Available-for-sale financial assets	23	0.2	*0.2*
Other investments – heritage assets	25	10.4	*10.2*
Total non-current assets		84.1	*83.9*
Current assets			
Amounts due from group undertakings		18.3	*10.5*
Current income tax asset		0.1	*0.1*
Cash and cash equivalents	28	–	*2.2*
Total current assets		18.4	*12.8*
Current liabilities			
Trade and other payables	29	(0.1)	*(0.1)*
Amounts due to group undertakings		(35.7)	*(30.2)*
Total current liabilities		(35.8)	*(30.3)*
Net current liabilities		(17.4)	*(17.5)*
Total assets less current liabilities		66.7	*66.4*
Non-current liabilities			
Deferred tax liabilities	32	(0.2)	*(0.2)*
Total non-current liabilities		(0.2)	*(0.2)*
Net assets		66.5	*66.2*
Equity			
Called up share capital	34	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		50.9	*50.6*
Total equity		66.5	*66.2*

The notes on pages 41 to 99 form part of the financial statements.

The financial statements on pages 34 to 99 were approved on 26 April 2017 by the board of directors and signed on their behalf by:

M C Perkins
Chairman

Registered Number 29559

Consolidated cash flow statement

for the year ended 31 December 2016

	Notes	2016 £'m	*2015 £'m Restated*
Cash generated from operations			
Cash flows from operating activities	35	35.3	*43.1*
Interest paid		(0.7)	*(0.6)*
Income taxes paid		(15.8)	*(9.4)*
Interest received		2.7	*3.1*
Dividends received from associates		2.3	*1.2*
Net cash flow from operating activities		23.8	*37.4*
Cash flows from investing activities			
Purchase of intangible assets		(0.2)	*(1.3)*
Purchase of property, plant and equipment		(14.2)	*(15.6)*
Proceeds from sale of non-current assets		0.3	*6.5*
Purchase of investment property		(0.5)	*(8.7)*
Biological assets: non-current – additions		(0.3)	*(0.5)*
Part disposal of subsidiaries		1.2	*0.3*
Purchase of investments		(2.4)	*(2.3)*
Proceeds from sale of investments		5.6	*1.7*
Income from investments		0.6	*1.4*
Purchase of other investments – heritage assets		(0.2)	*(0.2)*
Net cash flow from investing activities		(10.1)	*(18.7)*
Cash flows from financing activities			
Equity dividends paid		(3.6)	*(3.5)*
Dividends paid to non-controlling interests		(3.3)	*(4.5)*
New loans		0.1	*6.0*
Loans repaid		(0.6)	*(0.4)*
Net cash flow from financing activities		(7.4)	*(2.4)*
Net increase in cash and cash equivalents from continued operations		6.3	*16.3*
Net cash outflow from discontinued operation	10	(10.5)	*(3.8)*
Cash and cash equivalents at beginning of year	28	65.6	*54.1*
Exchange gains/(losses) on cash		10.4	*(1.0)*
Cash and cash equivalents at end of year	28	71.8	*65.6*

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

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

Company cash flow statement

for the year ended 31 December 2016

	Notes	2016 £'m	*2015 £'m*
Cash generated from operations			
Profit before tax		4.0	*4.1*
Adjustments for:			
Interest income		(0.3)	*(0.3)*
Dividends from group companies		(4.8)	*(5.5)*
Net movement in intra-group balances		(2.3)	*3.1*
Cash used in operations		(3.4)	*1.4*
Interest received		0.3	*0.3*
Net cash flow from operating activities		(3.1)	*1.7*
Cash flows from investing activities			
Purchase of other investments – heritage assets		(0.2)	*(1.4)*
Dividends received		4.8	*5.5*
Net cash flow from investing activities		4.6	*4.1*
Cash flows from financing activities			
Equity dividends paid		(3.7)	*(3.6)*
Net cash flow from financing activities		(3.7)	*(3.6)*
Net movement in cash and cash equivalents		(2.2)	*2.2*
Cash and cash equivalents at beginning of year	28	2.2	*–*
Exchange gain on cash		–	*–*
Cash and cash equivalents at end of year	28	–	*2.2*

Statement of changes in equity

for the year ended 31 December 2016

	Share capital £'m	Share premium £'m	Treasury shares £'m	Retained earnings £'m Restated	Other reserves £'m Restated	Total £'m Restated	Non-controlling interests £'m Restated	Total equity £'m Restated
Group								
At 1 January 2015	0.3	15.3	(0.4)	303.2	3.3	321.7	42.7	364.4
Restatement*	–	–	–	0.2	–	0.2	0.1	0.3
At 1 January 2015 restated	0.3	15.3	(0.4)	303.4	3.3	321.9	42.8	364.7
Total comprehensive income/(expense) for the year	–	–	–	9.7	(7.2)	2.5	0.9	3.4
Dividends	–	–	–	(3.5)	–	(3.5)	(4.5)	(8.0)
Non-controlling interest subscription	–	–	–	(0.1)	–	(0.1)	0.3	0.2
Share of associate's other equity movements	–	–	–	0.1	–	0.1	–	0.1
At 31 December 2015	0.3	15.3	(0.4)	309.6	(3.9)	320.9	39.5	360.4
Total comprehensive (expense)/income for the year	–	–	–	(33.6)	47.4	13.8	11.7	25.5
Dividends	–	–	–	(3.6)	–	(3.6)	(3.3)	(6.9)
Non-controlling interest subscription	–	–	–	0.3	–	0.3	0.9	1.2
Share of associate's other equity movements	–	–	–	(0.1)	–	(0.1)	–	(0.1)
Loss on dilution of interest in associate	–	–	–	(0.5)	–	(0.5)	–	(0.5)
At 31 December 2016	0.3	15.3	(0.4)	272.1	43.5	330.8	48.8	379.6
Company								
At 1 January 2015	0.3	15.3	–	38.0	12.1	65.7	–	65.7
Total comprehensive income for the year	–	–	–	4.1	–	4.1	–	4.1
Dividends	–	–	–	(3.6)	–	(3.6)	–	(3.6)
At 31 December 2015	0.3	15.3	–	38.5	12.1	66.2	–	66.2
Total comprehensive income for the year	–	–	–	4.0	–	4.0	–	4.0
Dividends	–	–	–	(3.7)	–	(3.7)	–	(3.7)
At 31 December 2016	0.3	15.3	–	38.8	12.1	66.5	–	66.5

Other reserves of the group include net exchange differences of £1.3 million deficit (2015: £46.7 million deficit).

Group retained earnings includes £159.0 million (2015: £131.1 million) which would require exchange control permission for remittance as dividends.

*Previously made tea was included in inventory at cost as no reliable fair value was available to reflect the uplift in value arising at the point of harvest of green leaf. Following a reassessment, the fair value for green leaf at the point of harvest can now be more reliably calculated. Made tea inventories now include the fair value of green leaf and the impact of this change is a £0.2 million uplift in opening reserves and £0.1 million increase in non-controlling interests, at 1 January 2015.

Accounting policies

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

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

Going concern

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

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year.

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

The results of subsidiaries acquired or disposed of during the year are included in/excluded from 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.

Accounting policies

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

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

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

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

(i) the group has transferred to the buyer the significant risks and rewards of ownership of the goods:

(ii) the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(iii) the amount of revenue can be measured reliably;

(iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and

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

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

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

In respect of engineering services, revenue is recognised based upon the stage of completion and includes costs incurred to date, plus accrued profits.

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

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

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

Exceptional items
Exceptional items are those significant items which are separately disclosed by virtue of their size or incidence to enable a full understanding of the group's financial performance. Full disclosure of exceptional items are set out in note 4.

Accounting policies

Intangible assets

(i) Goodwill

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

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

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

(ii) Identifiable intangible assets

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

(iii) Computer software

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

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

Property, plant and equipment

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

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

On transition to IFRS, the group followed the transitional provisions and elected that previous UK GAAP revaluations be treated as deemed cost.

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.

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

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

Accounting policies

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

Investment properties

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

Income from investment properties is disclosed in 'Other operating income'. 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 either using market based approaches or on the basis of net present values of expected future cash flows and include 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

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

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

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

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

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

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

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

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

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

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

Other investments – heritage assets

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

Investments in subsidiary companies

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

Impairment of financial assets

(i) Assets carried at amortised cost

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

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

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

(ii) Assets classified as available-for-sale

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

Impairment of non-financial assets

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

Accounting policies

Leases

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

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

Inventories

Agricultural produce included within inventory largely comprises stock of 'black' tea. In accordance with IAS 41, on initial recognition, agricultural produce is required to be measured at fair value less estimated point of sale costs. Following a reassessment, the fair value for green leaf at the point of harvest can now be more reliably calculated. Made tea inventories now include the fair value of green leaf and the impact of this change is a £0.2 million uplift in opening reserves and £0.1 million uplift in non-controlling interests at 1 January 2015.

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

Trade and other receivables

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. In respect of the group's banking operation, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

Discontinued operations and non-current assets held for sale

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

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

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

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

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

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

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

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

A current tax provision is recognised when the group has a present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date taking into account risks and uncertainties surrounding the obligation.

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

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

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

Employee benefits

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

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

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

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

Past service costs are recognised directly in the income statement.

(ii) Other post-employment benefit obligations

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

The estimated monetary liability for employees’ accrued annual leave entitlement at the balance sheet date is recognised as an accrual.

Provisions

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

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

Share capital

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

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

Dividend distribution

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

Critical accounting estimates and judgements

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

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

(i) Impairment of assets

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

(ii) Depreciation and amortisation

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

(iii) Biological assets

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

(iv) Retirement benefit obligations

Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the income statement. These figures are particularly sensitive to assumptions for discount rates, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 33.

(v) Taxation

Tax provisions are based on management's interpretation of country specific tax law and the likelihood of settlement. This involves 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.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the group

The group has adopted the following new and amended IFRSs as of 1 January 2016:

IAS 16 and IAS 41 (amendments)	Reporting for bearer plants – effective from 1 January 2016 IAS 16 and IAS 41 (amendments) amends the reporting for bearer plants. The group has applied the amendments retrospectively in accordance with the transition provisions of the standard and the comparative figures have been restated. The impact on the group has been in the following areas: As bearer plants are now accounted for under IAS 16 rather than IAS 41 in the same way as property, plant and equipment, fair value adjustments are no longer required and instead the assets will be depreciated. The produce on bearer plants will remain in the scope of IAS 41 and require a fair value adjustment. The effect has been that the profit for the year to 31 December 2015 has decreased by £20.1 million. The effect of these amendments is to decrease earnings per share from a profit of 450.7p per share to a profit of 50.7p per share for the year to 31 December 2015, the effect on the cash flow statement is immaterial.
IAS 27 (amendment)	Equity method in separate financial statements – effective from 1 January 2016 The IASB has made amendments to IAS 27 Separate Financial Statements which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.
Annual improvements 2012-2014 cycle	The latest annual improvements clarify – effective from 1 January 2016 IAS 19 – that when determining the discount rate for post- employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

Neither the amendment to IAS 27 or the annual improvements have had a material impact on the financial statements of the group.

Accounting policies

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

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

IFRS 15

Revenue from contracts with customers – effective from 1 January 2018

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers.
- identify the separate performance obligation.
- determine the transaction price of the contract.
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue.

IFRS 16

Leases – effective from 1 January 2019

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years.

Additionally, operating expense will be replaced with interest and depreciation.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

IAS 12 (amendment)

Recognition of deferred tax – effective from 1 January 2017

Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

Notes to the accounts

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.

Segment information about these businesses is presented below:

	Agriculture		Engineering		Food Service		Other operations		Consolidated	
	2016	*2015*	2016	*2015*	2016	*2015*	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*
		Restated								*Restated*
Revenue										
External sales	207.1	*186.5*	18.8	*25.8*	31.6	*31.9*	0.4	*0.5*	257.9	*244.7*
Trading profit										
Segment profit/(loss)	29.9	*26.7*	(2.6)	*(5.5)*	0.8	*0.7*	0.1	*–*	28.2	*21.9*
Unallocated corporate expenses									(9.2)	*(8.8)*
Trading profit									19.0	*13.1*
Share of associates' results									5.1	*4.2*
Impairment of available-for-sale financial assets									–	*(0.5)*
Impairment of property, plant and equipment and provisions									–	*0.2*
Profit on disposal of non-current assets									–	*3.7*
Profit on disposal of available-for-sale investments									1.5	*0.4*
Investment income									0.6	*1.4*
Net finance income									0.3	*1.5*
Profit before tax									26.5	*24.0*
Taxation									(12.4)	*(13.2)*
Profit from continuing operations									14.1	*10.8*
Other information										
Segment assets	354.8	*296.2*	19.1	*21.6*	24.0	*22.8*	18.5	*17.4*	416.4	*358.0*
Investments in associates									61.0	*48.9*
Discontinued operation									266.9	*247.2*
Unallocated assets									69.6	*68.2*
Consolidated total assets									813.9	*722.3*
Segment liabilities	(55.4)	*(45.4)*	(4.6)	*(4.9)*	(5.4)	*(4.5)*	–	–	(65.4)	*(54.8)*
Discontinued operation									(244.2)	*(211.1)*
Unallocated liabilities									(124.7)	*(96.0)*
Consolidated total liabilities									(434.3)	*(361.9)*
Capital expenditure	13.0	*12.7*	0.4	*0.9*	0.6	*1.6*	0.7	*9.1*	14.7	*24.3*
Depreciation	(11.0)	*(11.4)*	(1.9)	*(2.0)*	(1.7)	*(2.0)*	(0.2)	*(0.2)*	(14.8)	*(15.6)*
Amortisation				*–*	(0.3)	*(0.1)*			(0.3)	*(0.1)*
Impairments							(0.1)	*(0.6)*	(0.1)	*(0.6)*

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.

1 **Business and geographical segments** *(continued)*

Geographical segments

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

United Kingdom
Continental Europe
Bangladesh
India
Kenya
Malawi
North America and Bermuda
South Africa
South America

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

	2016 £'000	*2015 £'000*
United Kingdom	41.4	*48.9*
Continental Europe	35.6	*30.5*
Bangladesh	24.2	*17.9*
India	67.2	*63.5*
Kenya	35.6	*34.6*
Malawi	8.6	*5.9*
North America and Bermuda	10.1	*9.0*
South Africa	1.5	*1.4*
South America	5.3	*3.7*
Other	28.4	*29.3*
	257.9	*244.7*

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	
	2016 £'m	*2015 £'m Restated*	2016 £'m	*2015 £'m Restated*	2016 £'m	*2015 £'m*
United Kingdom	60.4	*61.2*	1.1	*2.7*	0.5	*8.7*
Continental Europe	6.1	*4.9*	0.1	*0.1*	–	–
Bangladesh	69.6	*58.1*	1.1	*1.3*	–	–
India	104.8	*86.1*	4.6	*4.3*	–	–
Kenya	84.6	*73.0*	3.5	*4.8*	–	–
Malawi	52.7	*44.3*	2.0	*1.0*	–	–
North America and Bermuda	12.5	*11.8*	0.2	*0.7*	–	–
South Africa	13.0	*9.9*	1.2	*0.5*	–	–
South America	12.7	*8.7*	0.4	*0.2*	–	–
	416.4	*358.0*	14.2	*15.6*	0.5	*8.7*

2 Revenue

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

	2016 £'m	*2015 £'m*
Sale of goods	206.5	*186.0*
Distribution and warehousing revenue	31.6	*31.9*
Engineering services revenue	18.8	*25.8*
Agency commission revenue	0.6	*0.5*
Property rental revenue	0.4	*0.5*
Total group revenue	257.9	*244.7*
Other operating income	2.3	*1.8*
Investment income	0.6	*1.4*
Interest income	2.7	*3.1*
Total group income	263.5	*251.0*

3 Trading profit

	2016 £'m	*2015* *£'m* *Restated*
The following items have been included in arriving at trading profit:		
Employment costs (note 14)*	92.0	*91.9*
Inventories:		
Cost of inventories recognised as an expense (included in cost of sales)	137.6	*124.0*
Cost of inventories provision recognised as an expense (included in cost of sales)	0.3	*0.5*
Fair value gain included in made tea	0.8	*0.5*
Depreciation of property, plant and equipment:		
Owned assets	14.6	*15.5*
Under finance leases	–	*0.1*
Amortisation of intangibles (included in administrative expenses)	0.3	*0.1*
Gain from change in fair value of non-current biological assets	1.1	*2.0*
Impairment of available-for-sale financial assets (included in administrative expenses)	0.1	–
Profit on disposal of property, plant and equipment	0.2	*3.8*
Operating leases – lease payments:		
Plant and machinery	0.4	*0.5*
Property	0.6	*0.4*
Repairs and maintenance expenditure on property, plant and equipment	4.6	*4.5*

* Includes a charge of £nil (*2015: £6.1 million)* in cost of sales for past service relating to legislation enacted in Bangladesh which requires companies to make a payment on retirement or other events terminating employment to all employees, based upon compensation and length of service.

Currency exchange (gains)/losses (credited)/charged to income include:

Revenue	(0.3)	*(1.7)*
Cost of sales	0.1	*0.1*
Distribution costs	0.1	–
Administrative expenses	(0.2)	*(0.1)*
Finance income	(0.4)	*(0.8)*
	(0.7)	*(2.5)*

Included in the amounts above is an exchange gain of £0.6 million (*2015: £1.8 million* gain) relating to the Malawian Kwacha.

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

Audit services:		
Statutory audit:		
Parent company and consolidated financial statements	0.2	*0.2*
Subsidiary companies	0.8	*0.7*
	1.0	*0.9*
Audit – related regulatory reporting	0.1	*0.1*
Tax services:		
Advisory services	–	*0.1*
Other services not covered above	–	*0.3*
	1.1	*1.4*

4 Headline profit

The group seeks to present an indication of the underlying performance for the continuing operations which is not impacted by exceptional items. This measure of profit is described as 'headline' and is used by management to measure and monitor performance.

The following items have been excluded from the headline measure:

– A charge of £6.1 million included in cost of sales for the year ended 31 December 2015 for past service relating to legislation enacted in Bangladesh which required companies to make a payment on retirement or other events terminating employment to all employees, based upon compensation and length of service.

– A profit of £3.7 million on disposal of non-current assets for the year ended 31 December 2015 (note 6) which is considered non operational in nature.

5 Share of associates' results

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

	2016 £'m	*2015 £'m*
Profit before tax	6.0	*5.2*
Taxation	(0.9)	*(1.0)*
Profit after tax	5.1	*4.2*

From 1 July 2015, following a re-evaluation of the group's relationship with BF&M Limited (note 22), six months of the group's share of BF&M's result for the period ending 31 December 2015 were included in the 2015 results. In addition, £22.7 million was credited to the income statement which reflected the negative goodwill arising from the recognition of BF&M Limited as an associate, this was offset by an impairment provision of £22.7 million which was provided against the group's equity carrying value of this investment to reflect its fair value. The net effect impact of these items on the 2015 income statement was £nil.

6 Profit on disposal of non-current assets

In 2015, a profit of £1.6 million was realised in relation to the property, plant and equipment previously owned by AKD Engineering Limited which was sold following the closure of the business at the end of June 2015 and profits of £2.1 million were realised during 2015 in relation to the disposal of former sites owned by Abbey Metal Finishing Company Limited and GU Cutting and Grinding Services Limited.

7 Profit on disposal of available-for-sale investments

The profit of £1.5 million includes a profit of £1.1 million relating to the disposal of the group's investment in Ascendant Group, a Bermudian power company.

8 Finance income and costs

	2016 £'m	*2015 £'m*
Interest payable on loans and bank overdrafts	(0.6)	*(0.7)*
Finance costs	(0.6)	*(0.7)*
Finance income – interest income on short-term bank deposits	2.7	*3.1*
Net exchange gain on foreign cash balances	0.4	*0.8*
Employee benefit expense (note 33)	(2.2)	*(1.7)*
Net finance income	0.3	*1.5*

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

9 Taxation

Analysis of charge in the year	2016 £'m	2016 £'m	*2015 £'m Restated*
Current tax			
UK corporation tax			
UK corporation tax at 20.00 per cent. (*2015: 20.25 per cent.*)	1.4		*0.2*
Double tax relief	(1.4)		*(0.2)*
		–	–
Foreign tax			
Corporation tax	11.6		*11.8*
Adjustment in respect of prior years	0.1		*1.6*
		11.7	*13.4*
Total current tax		11.7	*13.4*
Deferred tax			
Origination and reversal of timing differences			
Overseas		0.7	*(0.2)*
Tax on profit on ordinary activities		12.4	*13.2*
Factors affecting tax charge for the year			
Profit on ordinary activities before tax		6.5	*20.4*
Share of associated undertakings profit		(5.1)	*(4.2)*
Group profit on ordinary activities before tax		1.4	*16.2*
Tax on ordinary activities at the standard rate of corporation tax in the UK of 20.00 per cent. (*2015: 20.25 per cent.*)		0.3	*3.3*
Effects of:			
Adjustment to tax in respect of prior years		0.1	*1.6*
Expenses not deductible for tax purposes		6.6	*1.8*
Adjustment in respect of foreign tax rates		3.7	*3.6*
Additional tax arising on dividends from overseas companies		1.0	*1.2*
Other income not charged to tax		(1.5)	*(1.3)*
Increase in tax losses carried forward		1.6	*2.4*
Movement in other timing differences		0.6	*0.6*
Total tax charge for the year		12.4	*13.2*

Adjustment to tax in respect of prior years includes amounts relating to an uncertain tax provision arising from assessments raised by the Malawi Revenue Authority for unpaid taxes from prior years. The amount of this provision is £2.3 million at 31 December 2016.

Effects of expenses not deductible for tax purposes includes £4.0 million (2015: £nil) arising from the discontinued operation and consists of losses not recoverable and expenses not allowable for tax purposes.

10 Discontinued operation

On 19 December 2016 the group announced its intention to exit the banking and financial services businesses operated by Duncan Lawrie.

The UK loan book was sold to Arbuthnot Latham in December 2016. The sale of the Duncan Lawrie's UK asset management business to Brewin Dolphin was also agreed in 2016, and is expected to complete in May 2017 generating a gain on sale of approximately £19.2 million which is not reflected in these results. An orderly wind down of Duncan Lawrie's deposit taking and other banking operations in the UK and Isle of Man is underway.

The assets and liabilities associated with Duncan Lawrie have consequently been presented as held for sale in the 2016 financial statements.

The financial performance for the year ended 31 December 2016 and 31 December 2015 is as follows:

	2016 £'m	*2015 £'m*
Revenue	12.1	*13.1*
Other operating income	0.1	*0.1*
	12.2	*13.2*
Operating expenses	(19.7)	*(16.7)*
	(7.5)	*(3.5)*
Costs associated with closure:		
– Staff termination	(5.0)	–
– Contract settlement	(2.6)	–
– Advisors fees	(2.7)	–
	(10.3)	–
Impairment of non-current assets and loans and advances to customers	(1.2)	*(0.1)*
Profit on sale of available-for-sale financial assets	1.2	–
Profit on sale of held-to-maturity financial assets	0.6	–
Loss on sale of UK loan book and provision for loss on sale of Isle of Man loan book	(2.8)	–
Loss from discontinued operation	(20.0)	*(3.6)*

Cash flows are as follows:

	2016 £'m	*2015 £'m*
Loss from discontinued operation	(20.0)	*(3.6)*
Depreciation and amortisation	0.5	*0.7*
Impairment of assets	0.6	–
Profit on sale of financial assets	(1.8)	–
Increase/(decrease) in working capital	1.3	*(0.6)*
Net decrease in banking funds	9.0	–
Cash flow from discontinued operation	(10.4)	*(3.5)*
Purchase of intangible assets	–	*(0.1)*
Purchase of property, plant and equipment	(0.1)	*(0.2)*
Net cash outflow from discontinued operation	(10.5)	*(3.8)*

10 Discontinued operation *(continued)*

The following assets and liabilities were reclassified as held for sale in relation to Duncan Lawrie:

	2016 £'m	*2015 £'m*
Assets classified as held for sale		
Intangible assets	6.3	–
Available-for-sale financial assets	1.0	–
Held-to-maturity financial assets	30.0	–
Trade and other receivables	28.0	–
Cash and cash equivalents	201.6	–
Total assets of Duncan Lawrie held for sale	266.9	–
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	(244.0)	–
Current income tax liabilities	(0.2)	–
	(244.2)	–

11 Profit for the year

	2016 £'m	*2015 £'m*
The profit of the company was:	4.0	*4.1*

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

12 Equity dividends

	2016 £'m	*2015 £'m*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2015 of 95p (*2014: 92p*) per share	2.6	*2.5*
Interim dividend for the year ended 31 December 2016 of 35p (*2015: 34p*) per share	1.0	*1.0*
	3.6	*3.5*

Dividends amounting to £0.1 million (*2015: £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 2016 of 95p (*2015: 95p*) per share	2.7	*2.7*

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

13 (Loss)/earnings per share (EPS)

	2016 (Loss)/ earnings £'m	2016 Weighted average number of shares Number	2016 EPS Pence	*2015 Earnings £'m Restated*	*2015 Weighted average number of shares Number*	*2015 EPS Pence Restated*
Basic and diluted EPS						
Attributable to ordinary shareholders	(10.7)	*2,762,000*	(387.4)	*1.4*	2,762,000	*50.7*

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held by the group as treasury shares (note 34).

14 Employees

	2016 Number	*2015 Number Restated*
Average number of employees by activity:		
Agriculture	79,075	*77,554*
Engineering	251	*338*
Food Service	294	*307*
Central Management	24	*22*
	79,644	*78,221*

	2016 £'m	*2015 £'m Restated*
Employment costs:		
Wages and salaries	82.8	*77.0*
Social security costs	2.4	*2.8*
Employee benefit obligations (see note 33) – UK	4.6	*1.9*
– Overseas	2.2	*10.2*
	92.0	*91.9*

Total remuneration paid to key employees who are members of the Executive Committees, excluding directors of Camellia Plc, amounted to £1.4 million (*2015: £0.8 million*).

Further details of directors' emoluments are set out on pages 31 to 32.

15 Emoluments of the directors

	2016 £'m	*2015 £'m*
Aggregate emoluments excluding pension contributions	1.8	2.6

Emoluments of the highest paid director excluding pension contributions were £0.6 million (*2015: £0.5 million*).

Further details of directors' emoluments are set out on pages 31 to 32.

16 Intangible assets

Group	Goodwill £'000	Customer relationships £'000	Computer software £'000	Total £'000
Cost				
At 1 January 2015	4.0	4.8	5.1	13.9
Additions	–	–	1.3	1.3
Disposals	–	–	(0.1)	(0.1)
At 1 January 2016	4.0	4.8	6.3	15.1
Exchange differences	–	–	0.1	0.1
Additions	–	–	0.2	0.2
Disposals	–	–	(1.9)	(1.9)
Reclassification to assets held for sale	(4.0)	(4.8)	(2.3)	(11.1)
At 31 December 2016	–	–	2.4	2.4
Amortisation				
At 1 January 2015	–	2.1	4.7	6.8
Charge for the year	–	0.2	0.3	0.5
Disposals	–	–	(0.1)	(0.1)
At 1 January 2016	–	2.3	4.9	7.2
Exchange differences	–	–	0.1	0.1
Charge for the year	–	0.2	0.3	0.5
Disposals	–	–	(1.9)	(1.9)
Impairment provision	–	–	0.2	0.2
Reclassification to assets held for sale	–	(2.5)	(2.3)	(4.8)
At 31 December 2016	–	–	1.3	1.3
Net book value at 31 December 2016	–	–	1.1	1.1
Net book value at 31 December 2015	*4.0*	*2.5*	*1.4*	*7.9*

17 Property, plant and equipment

Group	Bearer plants £'m	Land and buildings £'m	Plant and machinery £'m	Fixtures, fittings and equipment £'m	Total £'m
Deemed cost					
At 1 January 2015	–	93.4	106.6	19.0	219.0
Transfer from biological assets	123.9	–	–	–	123.9
Exchange differences	(11.5)	(1.6)	(3.8)	(0.2)	(17.1)
Additions	5.1	4.2	5.3	1.2	15.8
Disposals	–	(3.8)	(3.5)	(1.0)	(8.3)
Reclassification to investment properties	–	(7.8)	–	–	(7.8)
Reclassification to other investments – heritage assets	–	–	–	(0.1)	(0.1)
At 1 January 2016	117.5	84.4	104.6	18.9	325.4
Exchange differences	19.8	8.9	11.7	1.3	41.7
Additions	4.5	3.2	5.6	0.9	14.2
Disposals	–	(0.1)	(2.2)	(0.3)	(2.6)
Reclassification to investment properties	–	(0.7)	–	–	(0.7)
Reclassification to assets held for sale	–	–	–	(3.7)	(3.7)
At 31 December 2016	141.8	95.7	119.7	17.1	374.3
Depreciation					
At 1 January 2015	–	37.9	65.9	10.2	114.0
Exchange differences	(1.1)	(0.5)	(1.7)	(0.1)	(3.4)
Charge for the year	6.4	2.6	5.9	1.0	15.9
Disposals	–	(1.7)	(3.1)	(0.7)	(5.5)
Reclassification to investment properties	–	(0.6)	–	–	(0.6)
Reclassification to other investments – heritage assets	–	–	–	(0.1)	(0.1)
At 1 January 2016	5.3	37.7	67.0	10.3	120.3
Exchange differences	1.4	3.6	6.9	0.8	12.7
Charge for the year	5.7	2.4	6.0	0.8	14.9
Disposals	–	(0.1)	(2.1)	(0.3)	(2.5)
Impairment provision	–	–	–	0.4	0.4
Reclassification to assets held for sale	–	–	–	(3.7)	(3.7)
At 31 December 2016	12.4	43.6	77.8	8.3	142.1
Net book value at 31 December 2016	129.4	52.1	41.9	8.8	232.2
Net book value at 31 December 2015	*112.2*	*46.7*	*37.6*	*8.6*	*205.1*

Land and buildings at net book value comprise:

	2016 £'m	*2015 £'m*
Freehold	26.0	*25.4*
Long leasehold	25.6	*20.8*
Short leasehold	0.5	*0.5*
	52.1	*46.7*

The amount of expenditure for property, plant and equipment in the course of construction amounted to £1.5 million (*2015: £1.9 million*).

18 Investment properties

	£'m
Group	
Cost	
At 1 January 2015	–
Exchange differences	(0.1)
Additions	8.7
Transfers from property, plant and equipment	7.8
At 1 January 2016	16.4
Exchange differences	0.1
Additions	0.5
Transfers from property, plant and equipment	0.7
At 31 December 2016	17.7
Depreciation	
At 1 January 2015	–
Transfers from property, plant and equipment	0.6
At 1 January 2016	0.6
Exchange differences	0.1
Charge for the year	–
At 31 December 2016	0.7
Net book value at 31 December 2016	17.0
Net book value at 31 December 2015	15.8

Included in revenue is £0.4 million (*2015: £0.5 million*) of rental income generated from investment properties. Direct operating expenses arising on the investment property, the majority of which generated rental income in the period, amount to £0.2 million (*2015: £0.2 million*).

At the end of the year the fair value of investment properties was £22.8 million (*2015: £21.4 million*). Investment properties were valued by the directors (fair value hierarchy Level 2).

19 Biological assets

Non-current:	Tea £'m	Edible nuts £'m	Timber £'m	Other/ Livestock £'m	Total £'m
Group					
At 1 January 2015	85.6	26.0	10.2	18.3	140.1
Transfer to property, plant and equipment	(85.4)	(24.3)	–	(14.2)	(123.9)
Transfer to current assets	(0.2)	(1.7)	–	(3.2)	(5.1)
Exchange differences	–	–	(1.7)	–	(1.7)
New planting additions	–	–	0.5	–	0.5
Gains arising from changes in fair value less estimated point-of-sale costs	–	–	1.7	0.3	2.0
Decreases due to harvesting/sales	–	–	(0.5)	(0.3)	(0.8)
At 1 January 2016	–	–	10.2	0.9	11.1
Exchange differences	–	–	2.3	0.2	2.5
New planting additions	–	–	0.3	–	0.3
Gains arising from changes in fair value less estimated point-of-sale costs	–	–	0.9	0.2	1.1
Decreases due to harvesting/sales	–	–	(0.8)	(0.3)	(1.1)
At 31 December 2016	–	–	12.9	1.0	13.9

Current:	2016 £'m	*2015 £'m*
Group		
Tea	0.3	*0.4*
Edible nuts	1.3	*2.5*
Citrus	1.3	*0.9*
Soya	3.1	*1.8*
Avocado	0.9	*0.4*
Other	0.3	*0.2*
	7.2	*6.2*

Following the implementation of IAS 16 and IAS 41 (amendments) which require bearer plants to be treated in the same way as property, plant and equipment and the produce on the bearer plants to be treated as current assets, a transfer to those categories as at 1 January 2015 was undertaken. This leaves the remaining long term biological assets which comprise forestry and livestock.

Biological assets are carried at fair value. Where meaningful market-determined prices do not exist to assess the fair value of biological assets, the fair value has been determined based on the net present value of expected future cash flows from those assets, discounted at appropriate pre-tax rates. At 31 December 2016 professional valuations were obtained on a significant proportion of assets. In determining the fair value of biological assets where the discounting of expected future cash flows has been used, the directors have made certain assumptions about the expected life-span of the plantings, yields, selling prices and costs. The fair value of livestock is based on market prices of livestock of similar age and sex.

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

19 Biological assets *(continued)*

As at 31 December 2016 the area planted to Forestry amounted to 5,946 Hectares (*2015: 6,251*) from which 169,089 cubic metres (*2015: 125,557*) were harvested during the year.

Livestock numbers were 4,704 head (*2015: 4,500*) at 31 December 2016.

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 44.

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

The fair value of biological assets is sensitive to these assumptions, the more significant of which at 31 December 2016 are as follows:

Non-current:

– Timber – a 10% movement in the market price for trees or the volume of trees assumed would result in a £1.3 million increase/decrease in the fair value of timber.

Current:

– Macadamia – a 10% increase/decrease in the volumes assumed would result in a £0.1 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 increase/decrease in the fair value.

– Avocados – a 10% increase/decrease in the volume or the price assumed would result in a £0.1 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 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 review of available market data on sales and production. The group monitors closely the returns it achieves from its crops and considers replacing its biological assets when yields decline with age or markets change.

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

20 Prepaid operating leases

	£'m
Group	
Cost	
At 1 January 2015	0.9
Exchange differences	(0.1)
At 1 January 2016	0.8
Exchange differences	0.2
At 31 December 2016	1.0
Net book value at 31 December 2016	1.0
Net book value at 31 December 2015	*0.8*

21 Investments in subsidiaries

	2016 £'m	*2015 £'m*
Company		
Cost		
At 1 January and 31 December	73.5	*73.5*

22 Investments in associates

	2016 £'m	*2015 £'m*
Group		
At 1 January	73.0	*8.7*
Exchange differences	14.4	*4.2*
Transfer from available-for-sale financial assets	–	*34.4*
Negative goodwill on initial recognition as an associate (note 5)	–	*22.7*
Share of profit (note 5)	5.1	*4.2*
Dividends	(2.3)	*(1.2)*
Dilution of holding	(0.5)	–
Other equity movements	0.1	–
At 31 December	89.8	*73.0*
Provision for diminution in value		
At 1 January	24.1	–
Exchange differences	4.7	*1.5*
Provided during year (note 5)	–	*22.6*
At 31 December	28.8	*24.1*
Net book value at 31 December	61.0	*48.9*

22 Investments in associates *(continued)*

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

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

	Country of incorporation	Assets £'m	Liabilities £'m	Revenues £'m	Profit £'m	Interest held %	Market value £'m
2016							
Listed							
BF&M	Bermuda	522.9	(446.2)	71.7	3.8	35.8	52.2
United Finance Limited	Bangladesh	80.9	(70.2)	7.0	1.1	38.4	12.4
United Insurance Company Limited	Bangladesh	3.1	(0.7)	0.3	0.2	37.0	3.7
		606.9	(517.1)	79.0	5.1		68.3
2015							
Listed							
BF&M	Bermuda	*411.9*	*(348.9)*	*60.2*	*2.9*	*36.1*	*35.9*
United Finance Limited	Bangladesh	*63.5*	*(55.4)*	*6.4*	*1.1*	*38.4*	*10.7*
United Insurance Company Limited	Bangladesh	*2.5*	*(0.6)*	*0.3*	*0.2*	*37.0*	*3.2*
		477.9	*(404.9)*	*66.9*	*4.2*		*49.8*

From 1 July 2015, following a re-evaluation of the group's relationship with BF&M Limited, the directors concluded that the group is in a position to exercise significant influence over BF&M Limited. As a result the investment in this company was reclassified from available-for-sale financial assets to an investment in associate during 2015. The result of this reclassification was an increase of £57.1 million in 2015 in investments in associate reflecting the group's equity interest in BF&M Limited and available-for-sale financial assets declined by £34.4 m, being the market value of the group's shareholding. The difference of £22.7 million was transferred to the income statement and this was offset by an impairment provision of £22.7 million which was made against the group's equity carrying value of this investment during 2015, due to the significant difference between the equity value of the investment and the market value at 1 July 2015.

23 Available-for-sale financial assets

	Group		Company	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Cost or fair value				
At 1 January	35.7	*67.8*	0.2	*0.2*
Exchange differences	6.4	*1.3*	–	–
Transfer to investments in associates	–	*(34.4)*	–	–
Fair value adjustment	3.5	*0.2*	–	–
Additions	3.4	*2.3*	–	–
Disposals	(7.2)	*(1.3)*	–	–
Fair value adjustment for disposal	(1.2)	*(0.2)*	–	–
Reclassification to assets held for resale	(1.0)	–	–	–
At 31 December	39.6	*35.7*	0.2	*0.2*
Provision for diminution in value				
At 1 January	5.1	*4.3*	–	–
Exchange differences	0.6	*0.2*	–	–
Provided during year	0.1	*0.6*	–	–
Disposals	(3.4)	–	–	–
At 31 December	2.4	*5.1*	–	–
Net book value at 31 December	37.2	*30.6*	0.2	*0.2*

Available-for-sale financial assets include the following:

	Group		Company	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Listed securities:				
Equity securities – UK	–	*0.9*	–	–
Equity securities – Bermuda	5.1	*5.2*	–	–
Equity securities – Japan	15.7	*12.2*	–	–
Equity securities – Switzerland	8.5	*6.7*	–	–
Equity securities – US	2.8	*2.1*	–	–
Equity securities – India	3.5	*1.0*	–	–
Equity securities – Europe	0.5	*0.4*	–	–
Equity securities – Other	0.4	*0.3*	–	–
Debentures with fixed interest of 12.5% and repayable twice yearly until 31 October 2019 – Kenya	0.5	*0.6*	–	–
Unlisted investments	0.2	*1.2*	0.2	*0.2*
	37.2	*30.6*	0.2	*0.2*

23 Available-for-sale financial assets *(continued)*

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

	Group		Company	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Sterling	0.2	*2.2*	0.2	*0.2*
US Dollar	2.8	*2.1*	–	–
Euro	0.5	*0.4*	–	–
Swiss Franc	8.5	*6.6*	–	–
Indian Rupee	3.5	*1.0*	–	–
Bermudian Dollar	5.1	*5.2*	–	–
Japanese Yen	15.7	*12.2*	–	–
Kenyan Shilling	0.5	*0.6*	–	–
Other	0.4	*0.3*	–	–
	37.2	*30.6*	0.2	*0.2*

24 Held-to-maturity financial assets

	Group	
	2016	*2015*
	£'m	*£'m*
Cost or fair value		
At 1 January	29.5	–
Additions	30.0	*29.5*
Disposals	(29.5)	–
Reclassification to assets held for resale	(30.0)	–
At 31 December	–	*29.5*
Net book value comprises:		
Debt securities	–	*29.5*
Current element	–	*1.8*
Non-current element	–	*27.7*
	–	*29.5*

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

25 Other investments – heritage assets

	Group		Company	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Cost				
At 1 January	9.0	*8.8*	10.2	*8.8*
Additions	0.2	*0.2*	0.2	*1.4*
At 31 December	9.2	*9.0*	10.4	*10.2*

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

	2016	*2015*
	£'m	*£'m*
		Restated
Group		
Made tea	34.8	*24.1*
Other agricultural produce	1.6	*1.0*
Work in progress	0.4	*1.8*
Trading stocks	2.2	*1.8*
Raw materials and consumables	11.6	*9.1*
	50.6	*37.8*

Made tea was previously included in inventory at cost as no reliable fair value was available to reflect the uplift in value arising at the point of harvest of green leaf. Following a reassessment, the fair value for green leaf at the point of harvest can now be more reliably calculated. From 1 January 2015 made tea inventories include the fair value of green leaf which includes a fair value uplift of £0.8 million (*2015: £0.5 million*).

27 Trade and other receivables

	Group	
	2016	*2015*
	£'m	*£'m*
Group		
Current:		
Amounts due from customers of banking subsidiaries	–	*14.3*
Trade receivables	27.8	*25.6*
Other receivables	7.6	*7.9*
Prepayments and accrued income	5.2	*7.8*
	40.6	*55.6*
Non-current:		
Amounts due from customers of banking subsidiaries	–	*21.6*
Other receivables	1.8	*1.1*
	1.8	*22.7*

27 Trade and other receivables *(continued)*

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

	2016 £'m	*2015* *£'m*
Current:		
Sterling	9.6	*27.6*
US Dollar	3.8	*3.1*
Euro	1.4	*1.2*
Kenyan Shilling	2.1	*2.4*
Indian Rupee	19.2	*17.8*
Malawian Kwacha	0.4	*0.8*
Bangladesh Taka	1.9	*1.3*
South African Rand	0.4	*0.2*
Brazilian Real	1.2	*0.6*
Other	0.6	*0.6*
	40.6	*55.6*
Non-current:		
Sterling	–	*21.4*
US Dollar	0.3	*0.1*
Kenyan Shilling	0.5	*0.3*
Indian Rupee	0.6	*0.4*
Malawian Kwacha	–	*0.2*
Bangladesh Taka	0.4	*0.3*
	1.8	*22.7*

Included within trade receivables is a provision for doubtful debts of £0.3 million (*2015: £0.9 million*) and all other trade receivables are with normal trading partners and there is no history of defaults.

Trade receivables include receivables of £4.4 million (*2015: £6.6 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:

	2016 £'m	*2015* *£'m*
Up to 30 days	3.1	*4.4*
30-60 days	0.5	*1.4*
60-90 days	0.2	*0.3*
Over 90 days	0.6	*0.5*
	4.4	*6.6*

28 Cash and cash equivalents

	Group 2016 £'m	Group *2015 £'m*	Company 2016 £'m	Company *2015 £'m*
Cash at bank and in hand	31.0	*157.2*	–	*2.2*
Short-term bank deposits	37.8	*40.1*	–	*–*
Short-term liquid investments	4.1	*40.5*	–	*–*
	72.9	*237.8*	–	*2.2*

Included in the amounts above are cash and short-term funds, time deposits with banks and building societies, UK treasury bills and certificates of deposit amounting to £nil (*2015: £167.4 million*) which are held by the group's banking subsidiaries and which are an integral part of the banking operations.

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

	2016 £'m	*2015 £'m*	2016 £'m	*2015 £'m*
Cash and cash equivalents (excluding banking operations)	72.9	*70.4*	–	*2.2*
Bank overdrafts (note 30)	(1.1)	*(4.8)*	–	*–*
	71.8	*65.6*	–	*2.2*

	2016	*2015*	2016	*2015*
Effective interest rate:				
Short-term deposits	2.50 – 12.50%	*4.00 – 20.00%*	–	*–*
Short-term liquid investments	6.45 – 6.49%	*0.07 – 0.47%*	–	*–*
Average maturity period:				
Short-term deposits	88 days	*103 days*	–	*–*
Short-term liquid investments	46 days	*40 days*	–	*–*

29 Trade and other payables

	Group 2016 £'m	Group *2015 £'m*	Company 2016 £'m	Company *2015 £'m*
Current:				
Amounts due to customers of banking subsidiaries	–	*204.2*	–	*–*
Trade payables	30.3	*26.4*	–	*–*
Other taxation and social security	2.6	*2.7*	–	*–*
Other payables	27.6	*20.2*	0.1	*0.1*
Accruals	6.4	*5.4*	–	*–*
	66.9	*258.9*	0.1	*0.1*
Non-current:				
Amounts due to customers of banking subsidiaries	–	*4.4*	–	*–*

30 Financial liabilities – borrowings

	2016 £'m	*2015 £'m*
Group		
Current:		
Bank overdrafts	1.1	*4.8*
Bank loans	0.6	*0.6*
	1.7	*5.4*
Current borrowings include the following amounts secured on property, plant and equipment and investment properties:		
Bank overdrafts	0.2	*3.8*
Bank loans	0.6	*0.6*
	0.8	*4.4*
Non-current:		
Bank loans	4.5	*5.1*
Non-current borrowings include the following amounts secured on investment properties:		
Bank loans	4.5	*5.1*
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	1.7	*5.4*
Between 1 – 2 years	0.6	*0.6*
Between 2 – 5 years	3.9	*4.5*
	6.2	*10.5*

The rates of interest payable by the group ranged between:

	2016 %	*2015 %*
Bank overdrafts	2.00 – 33.00	*2.25 – 36.00*
Bank loans	3.03	*3.03*

31 Provisions

	Onerous lease £'m	Others £'m	Total £'m
Group			
At 1 January 2015	0.3	0.4	0.7
Utilised in the period	(0.1)	(0.3)	(0.4)
Provided in the period	–	0.2	0.2
Unused amounts reversed in period	(0.2)	–	(0.2)
At 1 January 2016	–	0.3	0.3
Utilised in the period	–	(0.1)	(0.1)
Provided in the period	–	0.2	0.2
At 31 December 2016	–	0.4	0.4
Current:			
At 31 December 2016	–	0.4	0.4
At 31 December 2015	–	*0.3*	*0.3*

Others relate to provisions for claims.

32 Deferred tax

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

	Group		Company	
	2016 £'m	*2015 £'m Restated*	2016 £'m	*2015 £'m*
At 1 January	37.2	*41.4*	0.2	*0.2*
Exchange differences	6.4	*(3.4)*	–	–
Charged/(credited) to the income statement	0.7	*(0.2)*	–	–
Credited to equity	(1.2)	*(0.6)*	–	–
At 31 December	43.1	*37.2*	0.2	*0.2*

32 Deferred tax *(continued)*

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

Deferred tax liabilities

	Accelerated tax depreciation £'m	Employee benefit obligations £'m	Other £'m	Total £'m
At 1 January 2015	45.1	0.3	–	45.4
Exchange differences	(3.5)	–	–	(3.5)
Charged to the income statement	1.6	0.1	0.1	1.8
Credited to equity	–	(0.4)	–	(0.4)
At 1 January 2016	43.2	–	0.1	43.3
Exchange differences	7.7	–	0.2	7.9
Charged to the income statement	(1.9)	–	2.8	0.9
At 31 December 2016	49.0	–	3.1	52.1
Deferred tax assets offset				(8.8)
Net deferred tax liability after offset				43.3

Deferred tax assets

	Tax losses £'m	Employee benefit obligations £'m	Other £'m	Total £'m
At 1 January 2015	0.7	0.9	2.4	4.0
Exchange differences	–	–	(0.1)	(0.1)
(Charged)/credited to the income statement	(0.2)	–	2.2	2.0
Credited to equity	–	0.2	–	0.2
At 1 January 2016	0.5	1.1	4.5	6.1
Exchange differences	0.1	0.1	1.3	1.5
(Charged)/credited to the income statement	(0.3)	(1.3)	1.8	0.2
Credited to equity	–	0.9	0.3	1.2
At 31 December 2016	0.3	0.8	7.9	9.0
Offset against deferred tax liabilities				(8.8)
Net deferred tax asset after offset				0.2

Deferred tax liabilities of £24.3 million (*2015: £20.7 million*) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested.

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 £9.5 million (*2015: £7.0 million*) in respect of losses that can be carried forward against future taxable income.

33 Employee benefit obligations

(i) Pensions

Certain group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, final salary defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the group. A full actuarial valuation was undertaken as at 1 July 2014 and updated to 31 December 2016 by a qualified independent actuary. The UK final salary 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 these members have participated in a defined contribution scheme.

The overseas schemes are operated in group subsidiaries located in Bangladesh, India and The Netherlands. Actuarial valuations have been updated to 31 December 2016 by qualified actuaries for these schemes.

Assumptions

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

	2016 % per annum	*2015* *% per annum*
UK schemes		
Rate of increase in salaries	N/a	*2.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.40 – 5.00	*2.00 – 5.00*
Discount rate applied to scheme liabilities	2.65	*3.80*
Inflation assumption (CPI/RPI)	2.40/3.40	*2.00/3.00*

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are S2PA, on a year of birth basis, with CMI_2013 future improvement factors and subject to a long term annual rate of future improvement of 1.25% per annum. This results in males and females aged 65 having life expectancies of 22 years (*2015: 22 years*) and 24 years respectively (*2015: 24 years*).

	2016	*2015*
Overseas schemes		
Rate of increase in salaries	1.50 – 7.00	*1.50 – 7.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 – 5.00	*0.00 – 5.00*
Discount rate applied to scheme liabilities	1.80 – 9.00	*2.30 – 9.00*
Inflation assumption	0.00 – 7.00	*0.00 – 7.00*

(ii) Post-employment benefits

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

Assumptions

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

	2016 % per annum	*2015* *% per annum*
Rate of increase in salaries	6.00 – 10.00	*6.00 – 10.00*
Discount rate applied to scheme liabilities	6.75 – 14.50	*8.00 – 14.00*
Inflation assumptions	0.00 – 10.00	*0.00 – 10.00*

33 Employee benefit obligations *(continued)*

(iii) Leave obligations

Certain group subsidiaries located in India have an obligation to pay leave benefit, based on years of service. Previously these obligations were included in other creditors but from 2016 these obligations have been estimated annually using the projected unit method by qualified independent actuaries. These schemes are unfunded.

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

	Change in assumption	Impact on defined benefit obligation
Pre-retirement discount rate	0.5% lower	1.8% increase
Post-retirement discount rate	0.5% lower	5.7% increase
Inflation rate	0.25% lower	1.5% decrease
Long-term rate of improvement of mortality	0.25% higher	1.4% increase

The above sensitivity analysis assumes that each assumption is changed independently of the others. Therefore, the disclosures are only a guide because the effect of changing more than one assumption is not cumulative. The sensitivity analysis was calculated by re-running the figures as at the last formal actuarial valuation at 1 July 2014. Therefore the analysis is only approximate for the purpose of these IAS19 disclosures as they are on a different set of assumptions and do not reflect subsequent scheme experience.

Duration of the scheme liabilities

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

Analysis of scheme liabilities

As at 1 July 2014 the allocation of the present value of the UK scheme liabilities was as follows:

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

33 Employee benefit obligations *(continued)*

(iv) Actuarial valuations

	2016 UK £'m	2016 Overseas £'m	2016 Total £'m	*2015 UK £'m*	*2015 Overseas £'m*	*2015 Total £'m*
Equities and property	96.5	0.7	97.2	*89.6*	*0.5*	*90.1*
Bonds	62.6	17.6	80.2	*53.1*	*12.8*	*65.9*
Cash	5.0	6.8	11.8	*6.9*	*5.4*	*12.3*
Other	–	4.9	4.9	*–*	*3.7*	*3.7*
Total fair value of plan assets	164.1	30.0	194.1	*149.6*	*22.4*	*172.0*
Present value of defined benefit obligations	(208.7)	(52.1)	(260.8)	*(174.1)*	*(36.5)*	*(210.6)*
Total deficit in the schemes	(44.6)	(22.1)	(66.7)	*(24.5)*	*(14.1)*	*(38.6)*
Amount recognised as asset in the balance sheet	–	0.1	0.1	*–*	*0.2*	*0.2*
Amount recognised as current liability in the balance sheet	–	(0.9)	(0.9)	*–*	*(1.0)*	*(1.0)*
Amount recognised as non-current liability in the balance sheet	(44.6)	(21.3)	(65.9)	*(24.5)*	*(13.3)*	*(37.8)*
	(44.6)	(22.1)	(66.7)	*(24.5)*	*(14.1)*	*(38.6)*
Related deferred tax asset (note 32)	–	0.8	0.8	*–*	*1.1*	*1.1*
Net deficit	(44.6)	(21.3)	(65.9)	*(24.5)*	*(13.0)*	*(37.5)*

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

	2016 UK £'m	2016 Overseas £'m	2016 Total £'m	*2015 UK £'m*	*2015 Overseas £'m*	*2015 Total £'m*
At 1 January	149.6	22.4	172.0	*149.7*	*19.9*	*169.6*
Transfer from other creditors	–	0.6	0.6	*–*	*–*	*–*
Expected return on plan assets	5.6	1.8	7.4	*5.1*	*2.0*	*7.1*
Employer contributions	1.4	2.8	4.2	*1.5*	*2.4*	*3.9*
Benefit payments	(7.6)	(2.1)	(9.7)	*(8.1)*	*(1.8)*	*(9.9)*
Actuarial gains/(losses)	15.1	0.4	15.5	*1.4*	*(0.3)*	*1.1*
Exchange differences	–	4.1	4.1	*–*	*0.2*	*0.2*
At 31 December	164.1	30.0	194.1	*149.6*	*22.4*	*172.0*

33 Employee benefit obligations *(continued)*

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

	2016 UK £'m	2016 Overseas £'m	2016 Total £'m	*2015 UK £'m*	*2015 Overseas £'m*	*2015 Total £'m*
At 1 January	(174.1)	(36.5)	(210.6)	*(184.3)*	*(26.9)*	*(211.2)*
Transfer from other creditors	–	(1.1)	(1.1)	*–*	*–*	*–*
Current service cost	(0.4)	(1.8)	(2.2)	*(0.8)*	*(1.5)*	*(2.3)*
Past service cost	–	–	–	*–*	*(6.1)*	*(6.1)*
Interest cost	(6.5)	(3.1)	(9.6)	*(6.3)*	*(2.5)*	*(8.8)*
Benefit payments	7.6	2.1	9.7	*8.1*	*1.8*	*9.9*
Actuarial (losses)/gains	(35.3)	(4.5)	(39.8)	*9.2*	*(1.2)*	*8.0*
Exchange differences	–	(7.2)	(7.2)	*–*	*(0.1)*	*(0.1)*
At 31 December	(208.7)	(52.1)	(260.8)	*(174.1)*	*(36.5)*	*(210.6)*

In 2014, the total fair value of plan assets was £169.6 m, present value of defined benefit obligations was £211.2 million and the deficit was £41.6 million. In 2013, the total fair value of plan assets was £164.0 million, present value of defined benefit obligations was £185.4 million and the deficit was £21.4 million and in 2012, the total fair value of plan assets was £151.6 million, present value of defined benefit obligations was £184.2 million and the deficit was £32.6 million.

Income statement

The amounts recognised in the income statement are as follows:

	2016 UK £'m	2016 Overseas £'m	2016 Total £'m	*2015 UK £'m*	*2015 Overseas £'m*	*2015 Total £'m*
Amounts charged to operating profit:						
Current service cost	(0.4)	(1.8)	(2.2)	*(0.8)*	*(1.5)*	*(2.3)*
Past service cost	–	–	–	*–*	*(6.1)*	*(6.1)*
Total operating charge	(0.4)	(1.8)	(2.2)	*(0.8)*	*(7.6)*	*(8.4)*
Amounts charged to other finance costs:						
Interest expense	(0.9)	(1.3)	(2.2)	*(1.2)*	*(0.5)*	*(1.7)*
Total charged to income statement	(1.3)	(3.1)	(4.4)	*(2.0)*	*(8.1)*	*(10.1)*

The past service cost in 2015 of £6.1 million relates to legislation enacted in Bangladesh which requires companies to make a payment on retirement or other events terminating employment to all employees, based upon compensation and length of service.

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £4.6 million (2015: £3.7 million).

33 Employee benefit obligations *(continued)*

Actuarial gains and losses recognised in the statement of comprehensive income
The amounts included in the statement of comprehensive income:

	2016			*2015*		
	UK £'m	Overseas £'m	Total £'m	*UK £'m*	*Overseas £'m*	*Total £'m*
Remeasurements:						
Return on plan assets, excluding amount included in interest	15.1	0.4	15.5	*1.4*	*(0.3)*	*1.1*
Loss from changes in demographic assumptions	–	–	–	*(0.8)*	–	*(0.8)*
(Loss)/gain from changes in financial assumptions	(37.1)	(5.3)	(42.4)	*7.7*	*(0.4)*	*7.3*
Experience gains/(losses)	1.8	0.8	2.6	*2.3*	*(0.8)*	*1.5*
Actuarial (loss)/gain	(20.2)	(4.1)	(24.3)	*10.6*	*(1.5)*	*9.1*

Cumulative actuarial losses recognised in the statement of comprehensive income are £59.3 million (*2015: £35.0 million*).

As the UK defined benefit pension scheme was closed to future accrual and active members were transferred to a defined contribution scheme in 2016, no employer contributions will be paid for the year commencing 1 January 2017, however, a contribution of £0.9 million will be paid to reduce the scheme's funding deficit.

34 Share capital

	2016 £'m	*2015 £'m*
Authorised: 2,842,000 (2015: 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 (2015: 2,824,500) shares	0.3	*0.3*

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

35 Reconciliation of profit from continuing operations to cash flow

	2016 £'m	2015 £'m Restated
Group		
Profit from continuing operations	25.6	21.1
Share of associates' results	(5.1)	(4.2)
Depreciation and amortisation	14.9	15.7
Impairment of assets	0.1	0.5
Profit on disposal of non-current assets	(0.2)	(3.8)
Profit on disposal of investments	(1.5)	(0.4)
Increase in working capital	3.0	10.2
Pensions and similar provisions less payments	(1.5)	4.0
Cash generated from continuing operations	35.3	43.1

36 Reconciliation of net cash flow to movement in net cash

	2016 £'m	2015 £'m
Group		
(Decrease)/increase in cash and cash equivalents in the year	(4.1)	12.5
Net cash outflow/(inflow) from decrease/(increase) in debt	0.6	(5.6)
(Decrease)/increase in net cash resulting from cash flows	(3.5)	6.9
Exchange rate movements	10.3	(1.0)
Increase in net cash in the year	6.8	5.9
Net cash at beginning of year	59.9	54.0
Net cash at end of year	66.7	59.9

37 Commitments

Capital commitments

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

	2016 £'m	*2015* *£'m*
Group		
Property, plant and equipment	1.9	*1.4*
	1.9	*1.4*

Operating leasing commitments – minimum lease payments

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

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

	2016 £'m	*2015* *£'m*
Group		
Land and buildings:		
Within 1 year	2.0	*1.4*
Between 1 – 5 years	2.8	*2.6*
After 5 years	18.3	*15.0*
	23.1	*19.0*
Plant and machinery:		
Within 1 year	0.3	*0.2*
Between 1 – 5 years	0.2	*0.2*
	0.5	*0.4*

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

38 Contingencies

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

39 Financial instruments

Capital risk management

The group manages its capital to ensure that 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 disclosed in note 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

The ratio at the year end is as follows:

	2016 £'m	*2015* *£'m* *Restated*
Borrowings	6.2	*10.5*
Tangible net assets	329.7	*313.0*
Ratio	1.88%	*3.35%*

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

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

Financial instruments by category

At 31 December 2016

	Loans and receivables £'m	Available for sale £'m	Held to maturity £'m	Total £'m
Group				
Assets as per balance sheet				
Available-for-sale financial assets	–	37.2	–	37.2
Trade and other receivables excluding prepayments	37.2	–	–	37.2
Cash and cash equivalents	72.9	–	–	72.9
	110.1	37.2	–	147.3
Company				
Available-for-sale financial assets	–	0.2	–	0.2

39 Financial instruments *(continued)*

	Other financial liabilities at amortised cost £'m	Total £'m
Group		
Borrowings	6.2	6.2
Trade and other payables	64.3	64.3
	70.5	70.5
Company		
Trade and other payables	0.1	0.1

At 31 December 2015

	Loans and receivables £'m	Available for sale £'m	Held to maturity £'m	Total £'m
Group				
Assets as per balance sheet				
Available-for-sale financial assets	–	*30.6*	–	*30.6*
Held-to-maturity financial assets	–	–	*29.5*	*29.5*
Trade and other receivables excluding prepayments	*34.7*	–	–	*34.7*
Loans and advances to customers of banking subsidiaries	*35.8*	–	–	*35.8*
Cash and cash equivalents (excluding bank subsidiaries)	*70.4*	–	–	*70.4*
Loans and advances to banks by banking subsidiaries	*167.4*	–	–	*167.4*
	308.3	*30.6*	*29.5*	*368.4*
Company				
Available-for-sale financial assets	–	*0.2*	–	*0.2*
Cash and cash equivalents	*2.2*	–	–	*2.2*
	2.2	*0.2*	–	*2.4*

39 Financial instruments *(continued)*

	Other financial liabilities at amortised cost £'m	Total £'m
Group		
Liabilities as per balance sheet		
Borrowings	*10.5*	*10.5*
Amounts due to customers of banking subsidiaries	*208.6*	*208.6*
Trade and other payables	*52.0*	*52.0*
	271.1	*271.1*
Company		
Trade and other payables	*0.1*	*0.1*

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).

39 Financial instruments *(continued)*

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 2016

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Available-for sale financial assets:				
– Equity securities	36.5	–	0.2	36.7
Debt investments:				
– Debentures	0.5	–	–	0.5
	37.0	–	0.2	37.2

At 31 December 2015

	Level 1 £'m	Level 2 £'m	Level 3 £'m	Total £'m
Assets				
Available-for sale financial assets:				
– Equity securities	*28.8*	–	*1.2*	*30.0*
Debt investments:				
– Debentures	*0.6*	–	–	*0.6*
Held-to-maturity financial assets	*29.5*	–	–	*29.5*
	58.9	–	*1.2*	*60.1*

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).

39 Financial instruments *(continued)*

The group, including Duncan Lawrie, the group's banking subsidiary, did not, in accordance with group policy, trade in financial instruments throughout the year under review.

(A) Market risk

(i) Foreign exchange risk

The group has no material exposure to foreign currency exchange risk on currencies other than the functional currencies of the operating entities, with the exception of significant Japanese available-for-sale financial assets. A movement by 5 per cent. in the exchange rate of the Japanese Yen with Sterling, the group's equity balance would increase/decrease by £0.8 million (*2015: £0.6 million*).

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

(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio.

The majority of the group's equity investments are publicly traded and are quoted on stock exchanges located in Bermuda, Japan, Switzerland, UK and US. Should these equity indexes increase or decrease by 5 per cent. with all other variables held constant and all the group's equity instruments move accordingly, the group's equity balance would increase/decrease by £1.8 million (*2015: £1.4 million*).

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

(iii) Cash flow and interest rate risk

The group's interest rate risk arises from interest-bearing assets and short and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The group has no fixed rate exposure.

At 31 December 2016, 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 £0.3 million (*2015: £0.3 million*) higher/lower.

39 Financial instruments *(continued)*

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

	Assets		Liabilities	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Sterling	7.5	*136.7*	5.1	*135.4*
US Dollar	17.3	*76.2*	–	*59.1*
Euro	0.9	*13.1*	–	*12.7*
Swiss Franc	0.8	*4.5*	–	*4.2*
Kenyan Shilling	19.2	*15.7*	–	*–*
Indian Rupee	12.5	*11.4*	0.1	*0.5*
Malawian Kwacha	0.1	*–*	0.9	*0.9*
Bangladesh Taka	9.7	*8.2*	0.1	*3.2*
South African Rand	1.5	*1.6*	–	*0.1*
Brazilian Real	2.7	*2.2*	–	*–*
Bermudian Dollar	0.7	*0.9*	–	*–*
Other	–	*3.1*	–	*3.0*
	72.9	*273.6*	6.2	*219.1*

(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 27 per cent. (*2015: 30 per cent.*) of total trade receivables.

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

At 31 December 2016, the group had undrawn committed facilities of £28.5 million (*2015: £22.2 million*), all of which are due to be reviewed within one year.

39 Financial instruments *(continued)*

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

	Less than 1 year £'m	Between 1 and 2 years £'m	Between 2 and 5 years £'m	Over 5 years £'m	Undated £'m	Total £'m
At 31 December 2016						
Assets						
Available-for-sale financial assets	0.1	0.1	0.3	–	36.7	37.2
Trade and other receivables	35.4	1.8	–	–	–	37.2
Cash and cash equivalents (excluding bank subsidiaries)	72.9	–	–	–	–	72.9
	108.4	1.9	0.3	–	36.7	147.3
Liabilities						
Borrowings	1.7	0.6	3.9	–	–	6.2
Trade and other payables	64.3	–	–	–	–	64.3
	66.0	0.6	3.9	–	–	70.5
At 31 December 2015						
Assets						
Available-for-sale financial assets	*0.2*	*0.1*	*0.3*	*–*	*30.0*	*30.6*
Held-to-maturity financial assets	*1.8*	*9.4*	*12.7*	*5.6*	*–*	*29.5*
Trade and other receivables	*33.5*	*1.2*	*–*	*–*	*–*	*34.7*
Loans and advances to customers of banking subsidiaries	*14.2*	*6.7*	*14.6*	*0.2*	*0.1*	*35.8*
Cash and cash equivalents (excluding bank subsidiaries)	*70.4*	*–*	*–*	*–*	*–*	*70.4*
Loans and advances to banks by banking subsidiaries	*167.2*	*–*	*–*	*–*	*0.2*	*167.4*
	287.3	*17.4*	*27.6*	*5.8*	*30.3*	*368.4*
Liabilities						
Borrowings	*5.4*	*0.6*	*4.5*	*–*	*–*	*10.5*
Deposits by banks at banking subsidiaries	*1.5*	*–*	*0.7*	*–*	*–*	*2.2*
Customer accounts held at banking subsidiaries	*202.7*	*1.5*	*2.1*	*0.1*	*–*	*206.4*
Trade and other payables	*52.0*	*–*	*–*	*–*	*–*	*52.0*
	261.6	*2.1*	*7.3*	*0.1*	*–*	*271.1*

Included in borrowings due in less than 1 year is £1.1 million (*2015: £4.8 million*) repayable on demand.

40 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the group at 31 December 2016, which are wholly owned, incorporated in Great Britain unless otherwise stated, were:

	Principal country of operation	Registered Office
Agriculture		
Amgoorie India Limited (Incorporated in India – 99.8% holding)	India	*(ii)*
Amo Tea Company Limited	Bangladesh	*(i)*
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil)	Brazil	*(vi)*
Chittagong Warehouse Limited (Incorporated in Bangladesh – 93.3% 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% holding)	Kenya	*(x)*
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2% holding)	Malawi	*(xii)*
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2% holding)	South Africa	*(ix)*
Eastland Camellia Limited (Incorporated in Bangladesh – 93.8% holding)	Bangladesh	*(vii)*
Goodricke Group Limited (Incorporated in India – 74.0% holding)	India	*(iii)*
Goodricke Tech Limited (Incorporated in India – 99.8% holding)	India	*(iii)*
Horizon Farms (An United States of America general partnership – 80% holding)	USA	*(xiii)*
Kakuzi Limited (Incorporated in Kenya – 50.7% holding)	Kenya	*(xi)*
Koomber Tea Company Limited (Incorporated in India)	India	*(iv)*
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% 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% holding)	Malawi	*(xii)*
Zetmac (Pty) Limited (Incorporated in South Africa – 55.8% held by Eastern Produce Estates South Africa (Pty) Limited)	South Africa	*(ix)*
Engineering		
Abbey Metal Finishing Company Limited	UK	*(i)*
AJT Engineering Limited	UK	*(xiv)*
AKD Engineering Limited	UK	*(xv)*
Atfin GmbH (Incorporated in Germany – 51.0% holding)	Germany	*(xvi)*
British Metal Treatments Limited	UK	*(i)*
GU Cutting and Grinding Services Limited	UK	*(i)*
Unochrome Investments Limited (formerly Loddon Engineering Limited)	UK	*(i)*
XiMo AG (Incorporated in Switzerland- 51.0% holding)	Switzerland	*(xvii)*
Food Service		
Affish BV (Incorporated in Holland)	The Netherlands	*(xviii)*
Associated Cold Stores & Transport Limited	UK	*(i)*
Duncan Products Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Wylax International BV (Incorporated in Holland)	The Netherlands	*(xviii)*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Banking and Financial Services		
DDY Nominees Limited	UK	*(xix)*
Duncan Lawrie Limited	UK	*(xx)*
Duncan Lawrie Asset Management Limited	UK	*(xx)*
Duncan Lawrie Holdings Limited	UK	*(xxi)*
Duncan Lawrie International Holdings Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Duncan Lawrie (IOM) Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Duncan Lawrie Offshore Services Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Dunlaw Nominees Limited	UK	*(xix)*
Dunman Nominees Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Havelock Nominees Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Hobart Place Nominees Limited	UK	*(xxi)*
Mount Havelock Directors Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Mount Havelock Investments Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Mount Havelock Secretaries Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Investment Holding		
Affish Limited	UK	*(i)*
Assam-Dooars Investments Limited	UK	*(i)*
Associated Fisheries Limited	UK	*(i)*
Borbam Limited (Incorporated in India – 99.8% 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% holding)	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)*
Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda	*(xxiii)*
Lawrie Group Plc (Owned directly by the company)	UK	*(i)*
Lawrie International Limited (Incorporated in Bermuda)	Bermuda	*(xxiii)*
Lebong Investments Limited (Incorporated in India – 94.0% 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% held by subsidiaries)	Malawi	*(xii)*
Shula Limited (Incorporated in Isle of Man)	Isle of Man	*(xxii)*
Unochrome Industries Limited	UK	*(i)*
Western Dooars Investments Limited	UK	*(i)*
Other		
Linton Park Services Limited	UK	*(i)*
Dormant companies		
ACS&T Gloucester Limited	UK	*(i)*
ACS&T Grimsby Limited	UK	*(i)*
ACS&T Humberside Limited	UK	*(i)*
ACS&T Seamer Limited	UK	*(i)*
ACS&T Tewkesbury Limited	UK	*(i)*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Dormant companies *(continued)*		
ACS&T Wolverhampton Limited	UK	*(i)*
Alex Lawrie & Company Limited	UK	*(i)*
Amgoorie Investments Limited	UK	(i)
Assam-Dooars Holdings Limited	UK	*(i)*
Associated Fisheries (Scotland) Limited	UK	*(xiv)*
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 Heat Treatments Limited	UK	*(i)*
British Indian Tea Company Limited	UK	*(i)*
British United Trawlers Limited	UK	*(i)*
BTS Chemicals Limited	UK	*(i)*
BUT Engineers (Fleetwood) Limited	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 1 Limited	UK	*(i)*
Feltham 2 Limited	UK	*(i)*
Fescol Limited	UK	*(i)*
G. F. Sleight & Sons Limited	UK	*(i)*
Goodricke Lawrie Consultants Limted	UK	*(i)*
Gotha Tea Estates Limited	UK	*(i)*
Granton Transport Limited	UK	*(xiv)*
Hamstead Village Investments Limited	UK	*(i)*
Hellyer Brothers Limited	UK	*(i)*
Horace Hickling & Company Limited	UK	*(i)*
Hudson Brothers Trawlers Limited	UK	*(i)*
Humber Commercials Limited	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)*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Principal country of operation	Registered Office
Dormant companies *(continued)*		
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)*
Lankapara Tea Company Limited	UK	*(i)*
Lawrie Bhutan Limited	UK	*(i)*
Lawrie Plantation Services Limited	UK	*(i)*
Leasing Investments Limited	UK	*(i)*
Nasonia Tea Company Limited (Incorporated in Malawi)	Malawi	*(xii)*
North West Profiles Limited	UK	*(i)*
Octavius Steel & Company (London) Limited	UK	*(i)*
Robert Hudson Holdings Limited	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)*
SIS Securities Limited	UK	*(xxi)*
Sterling Industrial Securities Limited	UK	*(xxi)*
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)*
The Dejoo Tea Company Limited	UK	*(i)*
The Dhoolie Tea Company Limited	UK	*(i)*
The Doolahat Tea Company Limited	UK	*(i)*
The Eastern Produce & Estates Company Limited	UK	*(i)*
The Endogram Tea Company Limited	UK	*(i)*
The Jhanzie Tea Association Limited	UK	*(i)*
The Harmutty Tea Company Limited	UK	*(i)*
The Kapsumbeiwa Tea Company Limited	UK	*(i)*
The Longai Valley Tea Company Limited	UK	*(i)*
The Tyspane Tea Company Limited	UK	*(i)*
Thyolo Highlands Tea Estates Limited	UK	*(i)*
Unochrome Investments Limited (formerly Loddon Engineering 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)*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

Summarised financial information on subsidiaries with material non-controlling interests

Summarised balance sheet

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2016 £'m	*2015 £'m Restated*	2016 £'m	*2015 £'m Restated*
Current				
Assets	23.6	*25.0*	11.8	*7.6*
Liabilities	(20.0)	*(18.5)*	(11.4)	*(9.1)*
Total current net assets/(liabilities)	3.6	*6.5*	0.4	*(1.5)*
Non-current				
Assets	27.5	*23.2*	42.4	*38.6*
Liabilities	(5.7)	*(6.2)*	(12.4)	*(12.1)*
Total non-current net assets	21.8	*17.0*	30.0	*26.5*
Net assets	25.4	*23.5*	30.4	*25.0*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2016 £'m	*2015 £'m Restated*	2016 £'m	*2015 £'m Restated*
Current				
Assets	5.8	*5.1*	37.9	*29.7*
Liabilities	(1.1)	*(1.2)*	(19.8)	*(17.7)*
Total current net assets	4.7	*3.9*	18.1	*12.0*
Non-current				
Assets	5.3	*3.9*	30.5	*25.5*
Liabilities	(1.5)	*(1.2)*	(10.5)	*(6.3)*
Total non-current net assets	3.8	*2.7*	20.0	*19.2*
Net assets	8.5	*6.6*	38.1	*31.2*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Horizon Farms as at 31 December 2016 £'m	Horizon Farms as at 31 December *2015 £'m Restated*	Kakuzi Limited as at 31 December 2016 £'m	Kakuzi Limited as at 31 December *2015 £'m Restated*
Current				
Assets	3.6	*4.3*	16.0	*10.8*
Liabilities	(0.2)	*(0.6)*	(3.4)	*(2.5)*
Total current net assets	3.4	*3.7*	12.6	*8.3*
Non-current				
Assets	8.9	*7.7*	24.0	*18.8*
Liabilities	(0.8)	*(0.9)*	(6.3)	*(4.8)*
Total non-current net assets	8.1	*6.8*	17.7	*14.0*
Net assets	11.5	*10.5*	30.3	*22.3*

Summarised income statement

	Eastern Produce Kenya Limited as at 31 December 2016 £'m	Eastern Produce Kenya Limited as at 31 December *2015 £'m Restated*	Eastern Produce Malawi Limited as at 31 December 2016 £'m	Eastern Produce Malawi Limited as at 31 December *2015 £'m Restated*
Revenue	38.9	*39.3*	21.1	*15.5*
Profit before tax	4.7	*13.0*	3.9	*2.4*
Taxation	(1.2)	*(4.0)*	(1.2)	*(1.7)*
Other comprehensive income	0.2	–	–	–
Total comprehensive income	3.7	*9.0*	2.7	*0.7*
Total comprehensive income allocated to non-controlling interests	1.1	*2.7*	0.7	*0.2*
Dividends paid to non-controlling interests	1.9	*3.0*	0.5	*0.6*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
		Restated		*Restated*
Revenue	4.5	*4.9*	72.7	*67.5*
(Loss)/profit before tax	(0.6)	*2.2*	6.6	*3.2*
Taxation	0.2	*(0.7)*	(3.0)	*(1.7)*
Other comprehensive expense	–	–	(1.0)	*(0.1)*
Total comprehensive (expense)/income	(0.4)	*1.5*	2.6	*1.4*
Total comprehensive (expense)/income allocated to non-controlling interests	(0.1)	*0.4*	0.5	*0.3*
Dividends paid to non-controlling interests	–	*0.1*	0.2	*0.2*

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
		Restated		*Restated*
Revenue	4.4	4.1	17.2	14.7
Profit before tax	0.8	*1.8*	5.5	*4.5*
Taxation	(0.3)	*(0.6)*	(1.4)	*(1.4)*
Other comprehensive income	–	–	0.1	–
Total comprehensive income	0.5	*1.2*	4.2	*3.1*
Total comprehensive income allocated to non-controlling interests	0.1	*0.2*	2.1	*1.6*
Dividends paid to non-controlling interests	0.3	*0.3*	0.4	*0.2*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

Summarised cash flows

	Eastern Produce Kenya Limited as at 31 December		Eastern Produce Malawi Limited as at 31 December	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	7.8	*16.4*	5.6	*3.5*
Net interest received/(paid)	0.9	*1.3*	(0.1)	*(0.3)*
Income tax paid	(5.9)	*(1.8)*	(1.4)	*(1.3)*
Net cash generated from operating activities	2.8	*15.9*	4.1	*1.9*
Net cash used in investing activities	(0.9)	*(1.0)*	(1.9)	*(0.6)*
Net cash used in financing activities	(6.2)	*(10.1)*	(1.7)	*(2.2)*
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(4.3)	*4.8*	0.5	*(0.9)*
Cash, cash equivalents and bank overdrafts at beginning of year	14.9	*10.3*	(0.9)	*(0.3)*
Exchange gains/(losses) on cash and cash equivalents	2.4	*(0.2)*	–	*0.3*
Cash, cash equivalents and bank overdrafts at end of year	13.0	*14.9*	(0.4)	*(0.9)*

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	2.0	*0.9*	6.7	*4.3*
Net interest received	0.1	*0.1*	–	*–*
Income tax paid	–	*(0.2)*	(0.8)	*(0.9)*
Net cash generated from operating activities	2.1	*0.8*	5.9	*3.4*
Net cash used in investing activities	(0.5)	*(0.3)*	(3.0)	*(1.4)*
Net cash used in financing activities	–	*(0.1)*	(1.1)	*(1.2)*
Net increase in cash and cash equivalents and bank overdrafts	1.6	*0.4*	1.8	*0.8*
Cash, cash equivalents and bank overdrafts at beginning of year	1.7	*1.7*	0.6	*(0.2)*
Exchange gains/(losses) on cash and cash equivalents	0.6	*(0.4)*	0.1	*–*
Cash, cash equivalents and bank overdrafts at end of year	3.9	*1.7*	2.5	*0.6*

40 Subsidiary and associated undertakings *(continued)*

Subsidiary undertakings *(continued)*

	Horizon Farms as at 31 December		Kakuzi Limited as at 31 December	
	2016	*2015*	2016	*2015*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	0.7	*3.3*	8.5	*5.8*
Net interest received	–	*–*	0.6	*0.5*
Income tax paid	(1.1)	*(0.3)*	(1.7)	*(0.5)*
Net cash (used in)/generated from operating activities	(0.4)	*3.0*	7.4	*5.8*
Net cash used in investing activities	–	*(0.4)*	(4.8)	*(4.0)*
Net cash used in financing activities	(1.5)	*(1.3)*	(0.7)	*(0.5)*
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(1.9)	*1.3*	1.9	*1.3*
Cash, cash equivalents and bank overdrafts at beginning of year	2.3	*0.9*	7.8	*6.9*
Exchange gains on cash and cash equivalents	0.3	*0.1*	1.6	*(0.4)*
Cash, cash equivalents and bank overdrafts at end of year	0.7	*2.3*	11.3	*7.8*

Associated undertakings
The principal associated undertakings of the group at 31 December 2016 were:

	Principal country of operation	Registered Office	Accounting date 2016	Group interest in equity capital (%)
Insurance and banking				
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	*(xxiii)*	31 December	35.8
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	37.0
United Finance Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	38.4

40 Subsidiary and associated undertakings *(continued)*

Registered Offices:

(i) Linton Park
Linton Park
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) 2520 West Shaw Lane
Suite 101
Fresno
California
USA

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

(xv) Tower Bridge House
St Katharine's Way
London
E1W 1DD
England

(xvi) Robert-Drosten-Platz 1
D-82380
Peissenberg
Germany

(xvii) Altsagenstrasse 3
CH-6048 Horw
Luzern
Switzerland

(xviii) Burg. van der Lelystraat 2
4285 BL
Woudrichem
Netherlands

(xix) Wrotham Place
Wrotham
Near Sevenoaks
Kent
TN15 7AE
England

(xx) 1 Hobart Place
London
SW1W 0HU
England

(xxi) 2 Hobart Place
London
SW1W 0HU
England

(xxii) Camellia House
16-18 Mount Havelock
Douglas
Isle of Man IM1 2QG
IM1 2QG

(xxiii) 112 Pitts Bay Road
Pembroke
Bermuda
HM08

41 Control of Camellia Plc

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

The activities of Camellia Plc and its group (the "Camellia Group") are conducted independently of the Foundation and none of the directors of Camellia Plc are connected with The Camellia Private Trust Company Limited or the Foundation. While The Camellia Private Trust Company Limited as a Trustee of the Foundation maintains its rights as a shareholder, it has not participated in, and has confirmed to the board of Camellia Plc that it has no intention of participating in, the day to day running of the business of the Camellia Group. The Camellia Private Trust Company Limited has also confirmed its agreement that where any director of Camellia Plc is for the time being connected with the Foundation, he should not exercise any voting rights as a director of Camellia Plc in relation to any matter concerning the Camellia Group's interest in any assets in which the Foundation also has a material interest otherwise than through Camellia Plc.

Independent auditors' report to the members of Camellia Plc

Report on the financial statements

Our opinion

In our opinion:

- Camellia Plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the consolidated and company balance sheets as at 31 December 2016;
- the consolidated income statement and statement of comprehensive income for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the group and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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

Opinions on matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group, the company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Report of the Directors. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of the Directors' Responsibilities set out on page 30, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

– whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;

– the reasonableness of significant accounting estimates made by the directors; and

– the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Report of the Directors, we consider whether those reports include the disclosures required by applicable legal requirements.

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

26 April 2017

Five year record

	2016 £'m	*2015 £'m Restated*	*2014 £'m*	*2013 £'m*	*2012 £'m*
Revenue – continuing operations	257.9	*244.7*	*238.9*	*251.3*	*261.5*
Profit before tax	26.5	*24.0*	*22.0*	*59.6*	*69.7*
Taxation	(12.4)	*(13.2)*	*(13.7)*	*(22.1)*	*(25.7)*
Profit from continuing operations	14.1	*10.8*	*8.3*	*37.5*	*44.0*
(Loss)/profit attributable to owners of the parent	(10.7)	*1.4*	*2.8*	*28.3*	*31.2*
Equity dividends paid	3.6	*3.5*	*3.5*	*3.4*	*3.2*
Equity					
Called up share capital	0.3	*0.3*	*0.3*	*0.3*	*0.3*
Reserves	330.5	*320.6*	*321.4*	*332.2*	*313.5*
Total shareholders' funds	330.8	*320.9*	*321.7*	*332.5*	*313.8*
(Loss)/earnings per share	(387.4)p	*50.7p*	*102.7p*	*102.2p*	*1,122.9p*
Dividend paid per share	130p	*126p*	*125p*	*122p*	*116p*