CAMELLIA PLC

FINAL RESULTS

Camellia Plc (AIM:CAM) Final results for the year ended 31 December 2020.

Malcolm Perkins, Chairman, stated:

"2020 was a tough year for all of our operations, people and communities globally. The consequences of the pandemic were unpredictable and have at times tested our resilience. However, it is testament to the quality of our management teams, our employees and our financial prudence that we ended 2020 with an underlying operating profit.

"While the UK is returning to normality to the benefit of some of our UK based businesses, we have concerns about further waves of the pandemic across India, Bangladesh and East Africa. We do not believe that normal trading conditions will emerge until 2022, and some businesses will continue to feel the effect of the pandemic for some time thereafter."

Financial highlights

	Year ended 31 December 2020 £'m		Year ended 31 December 2019 £'m	
Revenue	291.2		291.5	
Underlying profit before tax*	16.0		17.4	
Separately disclosed significant items	(8.2)		4.9	
Profit before tax	7.8		22.3	
(Loss)/profit after tax for the year	(0.8)		15.1	
(Loss)/earnings per share	(181.0)	p	300.5	p
Total dividend for the year	144	p	144**	p

* Profit before tax excluding separately disclosed significant items
** Including the special dividend of 102p declared in September 2020

- Stable revenue, despite the pandemic, with growth in Agriculture, which now accounts for 85% of group sales.
- Underlying profit before tax from continuing operations down 8%.
- £8.2m net charge resulting from legal and other expenses relating to the settlement of claims concerning our East African operations and largely pandemic-related impairment charges offset in part by gain on sale of Horizon farm property.
- Net cash of £76.0m and an investment portfolio with a market value of £48.7m at 31 March 2021.
- Dividend maintained at 144p.

Strategic highlights

- Continued investment in core crops of tea, macadamia and avocados including planting acreage in South Africa and at our new farm in Tanzania; continuation of trials of blueberries and avocados in Kenya.
- Overhaul of governance procedures with focus on Safeguarding and Human Rights.
- Sale of Horizon farm property in USA.
- Sustained focus on production efficiencies and expense management has helped contain costs.

This announcement contains inside information for the purpose of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

ENQUIRIES

Camellia Plc	01622 746655
Tom Franks, Chief Executive	
Susan Walker, Chief Financial Officer	
Panmure Gordon (UK) Limited	020 7886 2500
Nominated Adviser and Broker	
Erik Anderson	
Emma Earl	
Maitland/AMO	
PR	
William Clutterbuck	07785 292617

CAMELLIA AT A GLANCE

Camellia Plc is an international Group – a global family of diverse companies with a 133-year history employing approximately 76,000 people worldwide. Our operations are in Agriculture, Engineering, Food Service and Investments. From the start, Camellia's ethos has been based on the highest moral and professional integrity, and a commitment to doing the right thing – ethically and commercially, globally and locally.

Our business is built on two fundamental principles:

- **Long-termism.** We are custodians, holding our business in trust for future generations. We have a responsibility to promote 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. We are committed to improving the long-term stability and well-being of our businesses, the communities and the environments in which we operate.
- **Sustainability.** We are committed not only to the welfare of our employees but also to the communities in which they live. Our businesses can and should grow with respect and care for the environment rather than at a cost to it. We proactively invest in ensuring that the places where we operate are protected and improved, and seek to minimise the impact of our business on the environment.

The Segment trading profit and loss information set out below, including details of underlying profit is extracted from note 1 on page 64 of the Accounts.

Our business is made up as follows:

AGRICULTURE

2020: Revenue – £247.2 million, Segment underlying trading profit – £18.3 million, Segment trading profit – £2.2 million

Core crops	*Locations*	*Mature Area Ha*	*Immature Area Ha*
Tea	India, Bangladesh, Kenya, Malawi	33,354	2,936

Macadamia	Kenya, Malawi, South Africa,	2,802	896
Avocados	Kenya	532	373
Speciality crops			
Arable	Brazil	3,616	–
Forestry	Kenya, Malawi, Brazil	2,344	3,533
Rubber	Bangladesh	1,610	365
Wine grapes	South Africa	66	18
Blueberries	Kenya	–	10
Other			
Joint Projects	Kenya	836	
Livestock	Kenya	4,529 head	

ENGINEERING

2020: Revenue – £19.3 million, Segment trading loss – £1.5 million

Subsidiary	*Locations*
Abbey Metal Finishing and Atfin	UK, Germany
AJT Engineering	UK

FOOD SERVICE

2020: Revenue – £23.6 million, Segment trading loss – £1.7 million

Subsidiary	*Locations*
ACS&T	UK
Jing Tea	UK

INVESTMENTS

Investment type	*Locations*	*Market value at 31/12/20 £'m*
Investment Portfolio	Global	50.6
Investment Property	UK, Malawi, Brazil	23.9
Collections	UK, India	9.8*

* Collections are stated at cost

ASSOCIATES
2020: Share of results after taxation – £6.1 million

	Location	*Activity*	*Holding %*
BF&M	Bermuda	Life and Non-life insurance	37.6
United Finance	Bangladesh	Banking	38.4
United Insurance	Bangladesh	Non-life insurance	37.0

DIRECTORS AND ADVISERS

Directors	Malcolm Perkins	*Chairman (iii)*
	Chris Relleen	*Deputy Chairman, independent non-executive Director and senior independent Director (i) (ii) (iii)*
	Tom Franks	*Chief Executive*
	Graham Mclean	*Director of Agriculture*
	Susan Walker	*Chief Financial Officer*
	Jonathon Bond	*Independent non-executive Director (iv)*
	Gautam Dalal	*Independent non-executive Director (i)*
	William Gibson	*Independent non-executive Director (i) (ii) (iii) (iv)*
	Simon Turner	*Non-executive Director*
	Frédéric Vuilleumier	*Independent non-executive Director*
	(i) Audit committee (ii) Remuneration committee (iii) Nomination committee (iv) Safeguarding and Stewardship committee	
Group General Counsel & Company Secretary	Amarpal Takk *(iv)*	
Registered office	Linton Park Linton Maidstone Kent ME17 4AB	
Registered Number	00029559	
Nominated adviser and broker	Panmure Gordon (UK) Limited One New Change London EC4M 9AF	
Registrars	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL	
Independent auditors	Deloitte LLP Statutory Auditors 1 New Street Square London EC4A 3HQ	
PR	Maitland/AMO The HKX Building 3 Pancras Square London N1C 4AG	
Website	www.camellia.plc.uk	

CHAIRMANS STATEMENT

2020 was a deeply challenging year for all of our operations, people and communities globally. The consequences of the pandemic have been unpredictable and have at times tested our resilience. However, it is testament to the quality of our management teams, our employees and our financial prudence that we came through 2020 with an underlying operating profit before tax of £13.2 million. The vast majority of our income arises from growing basic commodities and foodstuffs for which there will always be a demand.

2020 was marked by the very serious human rights abuse allegations made against our operations at Kakuzi in Kenya and in Malawi. We settled these claims and more importantly, have taken the opportunity to review the policies and procedures across the Group to ensure that they reflect international best practice. The relationship with the local communities across all our agricultural operations is critical to both our ethos and success; we continue to nurture them and have taken extensive steps to improve work practices and safeguarding measures (further discussed later in this report). The Board's deep commitment to ensuring we live up to our aspirations in this area for the benefit of all our employees and communities will be greatly assisted by our decision to establish a new Safeguarding and Stewardship Committee (involving independent experts) and a network of new grievance mechanisms on the ground.

Climate change remains a major concern to the Group and continues to influence our long-term strategy. Reflecting this, we disposed of our interest in Horizon Farms in California. Concerns over water availability and long-term climate projections made this a good time to sell and we were pleased with the price achieved. Other strategic developments are covered in the Operational report.

The results for 2020 reflect a profit before tax of £7.8 million after significant one off net costs amounting to £8.2 million (2019: profit before tax from continuing operations £22.3 million, including provision releases and one-off items of £4.9 million).

Dividend
The Group is set up in a way that reflects our long-term approach, with financial stability and sustainability at the heart of our philosophy. I was pleased that, having deferred the 2019 final dividend until we could assess more clearly the impact of the pandemic, we were able to pay it in full. Your Board is recommending a final dividend in respect of the year ended 31 December 2020 of 144p per share.

Outlook
At this stage, whilst there are signs of the world returning closer to normality with the roll out of vaccines, we do not believe that normal trading conditions will emerge until 2022, and certain businesses will continue to feel the effect of the pandemic for some time thereafter.

We remain financially strong, with significant net cash, and have the resources to withstand a further period of disruption. The demand for our agricultural produce will remain and we are managing the business in a manner which we believe will ensure our future prosperity, whilst taking the necessary steps to manage our costs in the short term.

Directors
Jonathon Bond, who joined the Board on 6 March 2020, is taking up a new executive role which necessitates him retiring from the Board at the AGM. I should like to thank him for his contribution and wish him well for the future.

Staff
My gratitude and sincere thanks go out to all our staff for their efforts in 2020. It is thanks to their resilience, hard work and loyalty in this unprecedented and challenging year that the Group remains in such a strong position.

Malcolm Perkins
Chairman

3 May 2021

OPERATIONAL REPORT

OVERVIEW
2020 was a difficult year as a combination of the pandemic, litigation against the Group arising from allegations against our East African operations, poor tea prices and a possible no deal Brexit all had the potential to impact trading. Despite this, sales in our agriculture division grew and underlying profits saw only a marginal decline. We also continued to implement our strategy of investing for long term growth and refining our portfolio of businesses.

COVID
Whilst all our businesses were able to keep trading throughout the pandemic, they were all hit to some

extent, whether through lockdowns preventing operations, or markets closing. However, I am proud of the efforts that have been made by all of our employees to ensure continuity of operations no matter how tough the challenges. Whilst there is optimism that the impact of the vaccine will start to return things to normal, there remains no doubt that 2021 will also be challenging for some operations.

Litigation concerning our East African operations
In January 2020, the Company announced that it and certain UK subsidiary companies faced legal claims in the UK based on allegations against two businesses in its African operations, namely Kakuzi in Kenya and EPM in Malawi. These claims have now been resolved (without any admission of liability) through settlements of up to £4.6 million in relation to the Kenyan claims and £2.3 million in relation to the Malawian claims. These are in addition to £9.2 million of legal and other costs associated with the defence of these allegations which are also reflected in the 2020 results. We have also put in place significant progressive measures around employee and community welfare, details of which are set out in the Environmental and Social report below. Such measures include, for example, building social centres, establishing a specialist female leadership programme and appointing female safety marshalls. Up to date information on progress on these measures can be found on the Camellia Group website.

The serious human rights claims the Group faced relating to its operations in Kenya led to a number of European supermarket chains suspending Kakuzi as a supplier of avocados. We are proactively working to address these customer concerns, including with the assistance of leading human rights advisers and are pleased that a number of our customers intend to resume trade in the new season. Eastern Produce Malawi has established and Kakuzi is establishing an Operational-level Grievance Mechanism (OGM), as defined by the UN Guiding Principles and by Human Rights specialists. Consequently, the claimants' UK law firm has agreed it will not bring or support any other claims relating to or in connection with the Camellia Group's operations in Kenya or Malawi for a substantial period of time. This reflects their confidence in the development of the Group's OGMs.

Tea prices
The pandemic has interrupted both the supply and demand for tea in different ways in different countries. However, the world remains over-supplied with tea which, combined with a desire across the industry to raise wages and living standards could lead to a long-term decline in the profitability of tea growing. We are pleased to see the major producing countries begin to take steps to help address this imbalance for the good of the industry and the hundreds of thousands of people who work in it and whose livelihoods depend on it.

Brexit
Our UK businesses in particular made extensive preparations for the impact of Brexit. Things have now settled down and we do not anticipate any material effect on our trading operations.

INVESTMENTS AND DIVESTMENTS
Despite the difficulties in doing business in 2020, we continued our strategy of diversifying our agricultural products and production base.

During the year we replanted a total of 316Ha of tea, and established a further 98Ha of avocado and 36Ha of macadamia. Since the start of 2021 we have planted an additional 37Ha of avocado in Tanzania and 174Ha of tea in our India and Bangladesh operations.

We continued to invest in our assets during the year and £10.7 million was spent on property, plant, equipment and investment property (2019: £14.5 million). Key projects are referred to in the operational reports below. A further £3.7 million (2019: £4.6 million) was invested in bearer crop and forestry plantings.

We also announced the sale of our Horizon Farms property in California for a total cash consideration of $31 million. This was brought about by concerns over the long-term future of the farm given the scarcity of reliable sources of water.

PERFORMANCE
Agriculture
In total, the Agriculture division made a segment trading profit of £2.2 million (2019: £23.9 million) on revenue of £247.2 million (2019: £238.7 million), as set out in note 1 to the Accounts. This includes costs of

£16.1 million (2019: £1.3 million) in respect of legal and other costs associated with the allegations arising from our East African operations. Agriculture's underlying trading profit was £18.3 million (2019: £19.0 million).

Tea Production

2020 saw the Group produce slightly lower volumes of tea, due in part to the lockdown of the tea estates in India at the start of the pandemic although this was partially offset by record production in Kenya.

	Mature area Ha	*Immature area Ha*	*2020 Volume mkg*	*2019 Volume mkg*
India	15,940	1,373	26.1	32.1
Bangladesh	8,339	844	12.5	14.2
Kenya	3,943	215	15.8	12.1
Malawi	5,132	509	16.8	17.6
Total own estates	33,354	2,941	71.2	76.0
Bought Leaf production			23.5	21.1
Managed Client production			4.8	4.3
Total made tea produced			99.5	101.4

Tea pricing and operations

India

Our own production in India was down by 19% against a national reduction of 22%. This was a result of a complete lockdown of all tea gardens in the early weeks of the pandemic followed by cyclone Amphan and an unusually severe monsoon season. The smallholder sector was particularly impacted and our Bought Leaf production was down by 40%.

Prices for CTC teas however improved significantly as domestic demand rose and supply fell. In the Dooars, prices were up 32% and in Assam 13%. In Darjeeling however, the loss of the lucrative first flush due to the lockdown resulted in average prices 12% down on the prior year.

Exports were well down on normal years as a result of strong local demand and the very high volumes emerging from Kenya.

Due to the many disruptions to the estate operations as a result of COVID, it was agreed by all parties that wage increases would be suspended for 2020. Interim wage increases for West Bengal has been agreed at 14.8% for 2021 and in Assam the wage increase is subject to a court process.

Packet tea sales volumes in India grew by 16% to 13.1mkg, reflecting our continued marketing efforts. The high price of purchased tea however impacted margins.

The replanting programme continued with 164Ha completed (2019: 239Ha) and a further 62Ha uprooted for replanting at a later date. In 2021 a total of 117Ha of replanting has been completed in the first quarter.

Bangladesh

Our crop in Bangladesh was down by 12% as a result of a very slow start to the season caused by dry hot weather, followed by torrential downpours from cyclone Amphan.

Average prices were down by 17% as tea consumption in Bangladesh relies heavily on the hot tea stalls, many of which were closed for a significant part of the year.

A wage award was agreed in the fourth quarter of 2020 with a 17.6% increase in the daily rate effective from 1 January 2019 with the possible introduction of improved productivity measures later in 2021.

The replanting and extension programme was scaled back in favour of infilling young tea areas which had lost a high number of plants as a result of a very dry start to the year. A total of 105Ha of tea was planted in the year (2019: 161Ha) of which 95Ha was replanting and 10Ha of new planting. A total of 3.8 million bushes were planted to infill existing fields. In the first quarter of 2021 a total of 57Ha of replanting has been completed.

Kenya
Production (including smallholder and managed client volumes) was up by 36% which broke all records and was 11% above our previous best year in 2016. 2021 production volumes in the first quarter are lower than last year, particularly in the West of Rift region. Pricing remains under pressure with average prices in quarter one of 2021 3% below the same period last year.

The greatest gains were seen in the smallholder sector where our 2020 production was up 51% whilst our own estate volumes were up 34%. This picture was reflected across Kenya where smallholder volumes were up 25% overall against 23% from the commercial plantation sector.

Such a huge supply of tea put significant pressure on prices and our average price was down 12% on last year. However, our factories performed well in relative terms, with prices 17% above the average commercial plantation sector auction pricing.

To help control the levels of production and prices, new tea regulations were proposed in early 2020 and resulted in the signing of the Tea Act 2020 in December. The new Act makes a number of significant changes to the way in which the tea auction system and export markets work in Kenya and we await to see how they will impact the industry.

There were no wage increases agreed with the unions during the year and discussions are ongoing.

We replanted a total of 47Ha in 2020 (2019: 51Ha) and uprooted a further 50Ha for replanting in 2021.

Malawi
Production (including smallholder volumes) was down on 2019 by 5% due to the drier conditions experienced, particularly in the second quarter. Our production levels for the first quarter of 2021 are 7% higher than last year.

With the very large volumes of tea available in Kenya, pricing has been under pressure, and sales through the auction were suspended in April 2020. On resumption of the auction, prices improved significantly in July and overall average prices for the year were in line with 2019 levels. Pricing in 2021 is slightly higher than the same period in 2020.

The newly elected Government of Malawi announced the implementation of a new minimum wage from the start of 2021. A wage increase reflecting this was subsequently agreed with the unions at 19% for 2021 alongside certain productivity improvements.

As a result of cash conservation measures, no replanting nor any new irrigation schemes were carried out during the year.

Macadamia Production

Macadamia kernel volumes produced in 2020 decreased to 1.1mkg (2019: 1.3mkg). This 17% drop on 2019 was due to a period of very hot weather in Malawi and South Africa at the end of 2019 which affected flowering and nut set. Kenya's volumes reflected an increase of 45% as the orchards continued to mature and benefited from benign weather conditions throughout the year.

	Mature area Ha	*Immature area Ha*	*Volume 2020 Tonnes*	*Volume 2019 Tonnes*
Malawi	1,388	140	403	503
South Africa	716[1]	422	196	459
Kenya	698	334	455	313
Total	2,802	896	1,054	1,275

[1] Excludes 191Ha relating to Wales Estate which was vacated post completion of the 2020 harvest

Macadamia Pricing
The pandemic has resulted in reduced demand from tourism and the food service sector. Imports into two of our main markets (USA and Japan) were down significantly. Despite this being partially offset by increased demand from retail, macadamia kernel prices fell and averaged 4% below those of 2019.

Due to the reduced demand in 2020, we believe that inventories of kernel from the 2020 season are higher than normal. Production in 2021 is also anticipated to be increasing which could bring prices under pressure for the new season depending on the speed of recovery in the hospitality sector.

Macadamia Operations
In total we planted another 36Ha of macadamia in South Africa, to which an additional 6Ha has been added in the first quarter of 2021. We harvested our 2020 crop from Wales estate before vacating the property as planned and previously reported.

Early indications from the 2021 season in Malawi show that kernel quality has been adversely impacted by pest and disease damage which could result in lower production volumes and reduced average prices. There are currently no indications of similar damage to the crop in Kenya and South Africa. Initial assessments of our overall production volumes from our orchards for the 2021 season indicate a higher crop than 2020.

Avocado Production
Avocado volumes from our own estates in 2020 increased to 10.9mkg (2019: 7.1mkg). This increase reflects the increase in mature hectarage and 2020 being an ‘on’ year for avocado.

		Mature area Ha	*Immature area Ha*	*Volume 2020 mkg*	*Volume 2019 mkg*
Kenya	- own estates	532	373	10.9	7.1
	- smallholders and outgrowers			1.1	1.1

Avocado Pricing and Operations
Average prices for Hass avocados (which made up 95% of our volumes) were down 41% on the record levels that we saw in 2019, partly due to the closure of the hotel and restaurant sector, but also due to record volumes of fruit from Peru overwhelming the European market during the summer. Prices recovered rapidly in the autumn once the excess fruit was sold.

A total of 98Ha (2019: 79Ha) of avocado orchards were planted during the year of which 34Ha was the Carmen variety.

We continue to monitor the 23Ha trial of avocados near Kitale in Kenya which we initiated in 2017. The first export crop was completed in the year with satisfactory results. The timing of the production and harvest indicates a later market window than the Kakuzi fruit which will be beneficial for prices. We expect to take a decision next year on whether to move forward with the full development.

In Tanzania, the purchase of the Mgagao farm is complete. The first 13Ha of avocado were planted in 2020 with an additional 37Ha planted in early 2021.

In South Africa the land clearance on the new farm reported last year is under way and the first 80Ha of avocado will be planted in 2022.

Speciality Crops Production

	Mature area Ha	*Immature area Ha*	*Volume 2020 Tonnes*	*Volume 2019 Tonnes*
Arable (Brazil)	3,616	–	34,979	27,829
Rubber (Bangladesh)	1,610	365	659	650

Citrus (USA)[1]	–	–	7,262	6,665
Wine grapes (South Africa)	66	18	594	394
Blueberries (Kenya)	–	10	13	4
Pistachios (USA)[1]	–	–	–	10
Almonds (USA)[1]	–	–	–	131
			m^3	*m^3*
Forestry (Kenya, Brazil, Malawi)			116,672*	86,710*
		Nº of head	*Nº of births*	*Nº of births*
Livestock		4,529	956	827

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

[1] Sold in 2020

Speciality Crops, Pricing and Operations

Arable

We grow a variety of annual crops in Brazil including soya, sorghum, wheat, maize and barley. In 2020 all crops grew well and achieved good prices, assisted in part by the devaluation of the Brazilian Real.

Rubber

Rubber is grown on areas of the Bangladesh tea estates unsuited for growing tea. Volumes produced in 2020 were in line with 2019, as were average prices which remain below cost.

Wine

Although grape production was up 51% and wine sales up 63% compared with 2019, the continuing losses of the operation have necessitated implementing a restructuring process. In 2021 all grape production will be sold to third party wineries and branded sales will continue under an agency agreement.

Blueberries

The blueberry trial continues – the first commercial crop was harvested this year but, as previously indicated, volumes achieved were below expectations due to cool, wet weather and the crop was sold locally.

Citrus, pistachios and almonds

2020 was an excellent citrus season for both the Murcott and Navel Orange crops. Following the sale of Horizon Farms during 2020, this will be the final crop of citrus and there will be no further production of pistachios and almonds.

Forestry

Production of Eucalyptus in Brazil increased 53% in the year due to continued strong demand from the paper industry. Kakuzi saw a 17% decline in production of forestry products for the market in Kenya due to a reduction in demand resulting from COVID restrictions.

Livestock

Births were up this year due to benign weather conditions leading to excellent volumes of good quality grazing which ensured the cattle were in peak condition.

Engineering

In total, the Engineering division recorded a segment trading loss of £1.5 million (2019: £Nil million) on revenue of £19.3 million (2019: £22.1 million), as set out in note 1 to the Accounts.

AJT Engineering had a successful year in the oilfield services division. However, the site services division was largely closed from the middle of March 2020 until the end of the year, with much of the work postponed and with the engineers being unable to get on site. Despite this, total revenues were up by 1% to £15.2 million. Abbey Metal Finishing and its subsidiary Atfin both had a difficult year as COVID related disruption to the aerospace market significantly impacted demand and sales volumes. Combined revenues were down 33% with a consequent impact on profitability.

Food Service

In total the Food Service division made a segment trading loss of £1.7 million (2019: £0.8 million profit) on revenue of £23.6 million (2019: £29.8 million), as set out in note 1 to the Accounts.

ACS&T saw reduced profitability from 26% lower transport revenues as demand for frozen products from the restaurant sector fell.

Jing Tea saw total revenues fall by 42% following closure of the hotel, restaurant and tourism sectors. However, sales through its online platform have increased by 33%.

Investments

Investment Portfolio. The loss on sales for the year was £0.1 million (2019: £1.1 million). Of this a gain of £0.2 million was reflected in the Income Statement and a loss of £0.3 million in the Statement of Comprehensive Income. The total value of the portfolio at 31 December 2020 was £50.6 million (2019: £47.0 million). The increase reflects the strength of global equity markets, particularly in the second half of 2020.

Investment Property. Work continues on the development of the Linton Park Estate with an additional three properties redeveloped and let in 2020.

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

Associates

In total, our share of the results of associates amounted to £6.1 million (2019: £4.6 million).

BF&M benefited from a significantly reduced claims experience in its property, casualty, life and health businesses due to the impact of COVID and the lack of any major hurricane damage in the year. Gross premiums written decreased by 7% to Bermudian Dollar 308.1 million, driven by an expected shift of health premiums between the company and the amounts allocated to the Bermuda Government as part of Bermuda's health financing reforms, along with lower property and casualty premiums and life premiums. BF&M's profit for the year was Bermudian Dollar 21.6 million (2019: Bermudian Dollar 13.1 million). Looking ahead, BF&M expects to see an increase in claims activity as vaccination programmes are rolled out.

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

ON-GOING LITIGATION

We previously disclosed that in 2018, the Kenyan National Land Commission was asked by a small number of claimant groups to investigate historical land injustice claims concerning lands registered in the name of Kakuzi and Eastern Produce Kenya. The land claims have been refuted through the Kenyan legal system. A constitutional petition has been filed by us and also a request to stay the proceedings of the National Land Commission until the legal position has been determined. This matter is on-going and we continue to keep the situation under review.

SUMMARY

2020 was a difficult year for the Group for all the reasons set out above and 2021 to date continues to show some market disruption. We remain in hope that the impact of the vaccines will result in a return to normality but anticipate that this will not be possible in many countries before the end of next year.

However, I am very pleased that we have been able to stay true to our strategy and to continue to invest for the future. I am also enormously grateful for the way that our people have tackled the pandemic and the significant challenges that it has brought with it.

We continue to invest in sustainability; our ESG report in 2020 showed the strength and depth of our commitment in this area and the steps that have been taken following the claims in Kenya and Malawi has helped strengthen our Human Rights processes and governance. Our balance sheet remains strong with £76.0 million of net cash in the Group and money market deposits amounting to £5.1 million at 31 March 2021. Whilst some of this cash is committed to long-term projects it gives us the scope and financial resilience to continue to develop Camellia for the benefit of all our stakeholders.

Tom Franks

Chief Executive

3 May 2021

FINANCIAL REPORT

Overview of Results

Revenue in Agriculture increased 3.5% to £247.2 million (2019: £238.7 million) in 2020 reflecting higher prices in India, increases in packet tea sales volumes and prices in India, and increased sales volumes of avocado, citrus and cereals. However, revenue from Food Service and Engineering were both adversely affected by the pandemic which offset the gains in Agriculture leaving total revenue at £291.2 million (2019: £291.5 million).

Underlying profit before tax was £16.0 million (2019: £17.4 million). Underlying profit before tax is before a £8.2 million loss relating to a number of large separately disclosed items (2019: separately disclosed profit of £4.9 million).

Profit before tax in 2020 was £7.8 million (2019: £22.3 million). This reduction in profit before tax reflects, inter alia, generally lower average selling prices for tea, lower volumes and lower prices for our macadamia crop, higher volumes and lower prices for our avocado crop, improved profits at BF&M, and a number of separately disclosed items:

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

The loss after tax for the year ended 31 December 2020 was £0.8 million (2019: Profit after tax £15.1 million).

Equity attributable to the owners of Camellia was £376.6 million (2019: £395.7 million) with net cash and cash equivalents of £94.9 million (2019: £89.4 million) and financial assets at fair value through profit or loss (ie money market funds) of £5.3 million (2019: £6.2 million).

Impairments

The impairments to the Jing Tea brand, investment properties plant and equipment at Abbey Metal Finishing and elsewhere in the UK have arisen following revisions to our estimates of the future profits and cashflows arising from those assets predominantly as a consequence of the impact of COVID. Key assumptions made in quantifying the scale of the impairments at Jing Tea and Abbey Metal Finishing relate to the speed of recovery of the travel and leisure and food service markets.

COVID Impact

As set out in the Operational report on page 6, our businesses are currently operating broadly as normal with the exception of our Food Service and Aerospace businesses. Our experience over the last year has given us valuable insight into how the pandemic impacts our markets and businesses. Despite this, it remains difficult to predict with any certainty the impact of COVID on the Group during the remainder of this year. Accordingly, we continue to take actions to conserve cash by focusing on efficiencies, minimising our operating costs and focusing capital expenditure across the Group.

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

Currencies

Over the course of the year, Sterling strengthened against the majority of our operating currencies. This has resulted in a loss on foreign exchange translation of £22.6 million (2019: loss £16.7 million) which is reflected in the Statement of Comprehensive Income. Had we translated our profit before tax for the year using the same average rates as last year, our results for 2020 would have been £1.3 million higher. Our profit before tax includes an exchange gain of £2.2 million on transactions during the year (2019: loss £0.3 million).

Cash

The Group's net cash position increased to £94.9 million at 31 December 2020 (2019: £89.4 million) reflecting, inter alia, net cash inflows from continuing operating activities of £12.9 million (2019: inflow £12.6 million) and the receipt of the proceeds of £21.6 million from the sale of Horizon Farms property. We spent £14.7 million on investment in our existing operations. We also increased our holding in BF&M at a cost of £0.3 million. The Group has loans outstanding of £4.8 million (2019: £6.9 million).

We expect capital expenditure in 2021 to be closer to historical levels as we continue to invest in our key strategic growth priorities.

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

Funds are reserved within our subsidiary companies to ensure wherever possible a level of headroom exists against the risk of crop losses and adverse price movements, such as are possible as a result of COVID. In addition, funds are held for:

- Long-term development projects related to the planned continued extension of our core crop portfolio, including in our new locations.
- Disputed taxation assessments (see below).
- Other contingent liabilities.

These will reduce the net cash available to the Group in future years as they are spent or, in the case of the disputed tax assessments and contingent liabilities, if settlement is made.

Taxation

The Group's effective tax rate of 110.3% (2019: 32.3%) reflects the significant losses which were incurred in the UK due to the pandemic, the cost of group legal claims in the UK for which no immediate tax relief is available and not being able to recognise the associated deferred tax asset on our balance sheet until it is sufficiently clear when these UK tax losses will be utilised.

Tax and Other Provisions

As is normal at this time of the year, we have ongoing wage negotiations in Kenya, Bangladesh (some of which have since concluded) and India. We consider we have made adequate provision for the likely outcome of these.

Provisions also include the estimates for the agreed settlements in respect of the litigation in East Africa and other costs related to the litigation which are expected to be paid in 2021 but which arise from events occuring prior to the year end.

We continue to have a number of significant uncertain tax situations, which have been disclosed previously:

- A provision of £1.3 million is held in respect of possible withholding taxes on branch remittances from Bangladesh where the Bangladesh Revenue Authority is contesting the applicable rate.
- In India assessments have been received for £3.5 million of excise duties, sales and entry tax £0.9 million and £1.1 million of income taxes. These are being contested and no provisions have been made.
- In India, the 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 have advised that payment of Salami does not apply, accordingly no provisions have been made. The sums contested amount to £1.2 million excluding penalties.

In Malawi the Revenue Authority (MRA) recently indicated that it intended to collect VAT on sales made at auction and under private treaty for export, in the period since 2017. Tea sales intended for the export market were subject to an industry wide agreement with the MRA and the Reserve Bank of Malawi reached at the time the auction was established, resulting in these deemed exports being zero rated for VAT. The MRA has raised an assessment for VAT against Eastern Produce Malawi in connection with this which has been appealed in light of the historic agreement and long-established custom and practice of the industry. Following discussions between the Malawi government, the MRA and the entire tea industry, the MRA has undertaken to investigate the sales process for export teas and to consider the implications of this on the VAT treatment of these deemed export sales. Pending conclusion of the review, the MRA has given permission for the auction to continue with teas deemed as export zero rated for VAT and the assessment raised against Eastern Produce Malawi has been suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £7.8 million.

Pensions and Other Employment Benefits
The Group operates a number of defined benefit pension schemes, the largest of which is in the UK.

The 2020 triennial valuation for the UK scheme, which was closed to future accrual during 2016, has now been concluded and shows a funding surplus and no contributions are currently required to be made to the scheme for the next 3 years.

The overseas defined benefit schemes are located in Bangladesh and India. Our businesses in Kenya, India and Bangladesh also have obligations to pay terminal gratuities based on years of service and, in some cases, based on salaries.

In aggregate, our employee benefit schemes currently show deficits on an IAS 19 basis of £16.6 million (2019: £22.0 million deficit).

Accounting for defined benefit schemes is prescribed by IAS 19 and the quantum of the deficit continues to be highly sensitive to small changes in assumptions as regards wage inflation and gilt yields in the relevant jurisdictions and to asset performance. This year a net actuarial gain of £4.3 million (2019: gain £3.5 million) is reflected in the Statement of Comprehensive Income. The net gain this year arises primarily from the UK scheme where strong asset performance was only offset in part by the effect of lower discount rates and lower inflation assumptions.

Our Income Statement also reflects current and past service costs of £2.2 million (2019: net cost £1.6 million) and £0.7 million (2019: £1.1 million) in respect of employee benefit interest cost.

Susan Walker
Chief Financial Officer

3 May 2021

ENVIRONMENTAL AND SOCIAL REPORT

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

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

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

The Group's approach to ESG is the responsibility of the Strategy Group (as described on page 36) which is supported in certain key areas by the Safeguarding and Stewardship Committee which is described in more detail below. The boards of the Group's operating companies closely consider their respective governance protocols and the environmental impact of their ongoing operations and investment decisions, with regard to both Group requirements and local regulations and legislation.

Environmental
Climate change is a significant risk to the Group's agricultural operations which it affects in different ways and to differing extents. We seek to mitigate this impact by diversifying our agricultural production by both origin and crop. We are also planting more drought resistant crop varieties and using other initiatives, such as restorative farming methods and sustainable irrigation, to manage the impact of climate change.

We are committed to our goal of protecting the environment and minimising our environmental footprint. This is achieved through a range of resource efficiency initiatives with the ultimate intention of setting carbon reduction targets across our operations. In addition to minimising our environmental impact, we protect and enhance natural habitats such as forests and water bodies for local flora and fauna.

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

The Group also oversees c.11,100Ha of indigenous forests and conservation areas plus a further 7,500Ha of commercial forestry. These areas, in combination with the large areas of perennial crops, have the potential to sequester significant amounts of carbon and act as an important offset against the Group's carbon emissions. We have estimated the impact of sequestration on our core crops and our managed eucalyptus estates. We provide more detail on this below.

We use appropriate partners to support the Group in achieving our environmental protection and environmental footprint initiatives. As an example, in 2020 an initiative between our Kenya tea operations and Cambridge University was established to investigate possible savings in thermal and electrical energy usage and thus a reduction in carbon emissions, in the manufacture of tea. The seed funding to launch this project was provided by our Chairman's Fund which has allowed the initiative to proceed. Excellent progress has been made to identify possible significant savings in both thermal and electrical energy usage in the two factories being trialled in the exercise.

Environmental reporting
During the financial year we reported to the Environment Agency under ESOS (Energy Savings Opportunity Scheme), which included energy audits of our UK operations and the identification of potential energy saving initiatives and investments. The Group's UK operations are considering such initiatives and have included a selection in their future investment plans as set out below.

2020 is also the first year for which the Group is required to report under SECR (Streamlined Energy & Carbon Reporting) Regulations, which is set out in the rest of this section. The Group has not been subject to any environmental fines during the reporting period.

Global GHG emissions and energy use data for period 1 January 2020 to 31 December 2020

	2020		*2019*[†]	
	UK and offshore	Global (excluding UK and offshore)	*UK and offshore*	*Global (excluding UK and offshore)*

Emissions from activities which the company owns or controls including combustion of fuel & operation of facilities (Scope 1) (tCO_2e)	5,435	166,247	7,147	181,692
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location- based) (tCO_2e)	5,130	43,115	5,316	48,910
Total gross Scope 1 & Scope 2 emissions (tCO_2e)	10,565	209,362	12,463	230,602
Energy consumption used to calculate above emissions: (Scope 1) (kWh)	24.6m	678.3m	31.8m	704.0m
Energy consumption used to calculate above emissions (Scope 2) (kWh)	22.0m	91.2m	21.5m	97.4m
Intensity ratio: Kg CO_2e/Kg of made tea	Not available	1.40	Not available	1.51
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market-based) (tCO_2e*)	32	42,963	Not available	Not available

† 2019 was restated as a result of improvements in data quality and completeness
* Note: 2020 is the first reporting period for which we reported our scope 2 market-based emissions

Methodology

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

The emission factors used in calculating the Group's emissions are as per those published by the UK Department for Business, Energy & Industrial Strategy and the UK Department for Environment, Food and Rural Affairs, which are in line with the GHG Protocol guidance. The non-UK electricity emission factors are sourced from the International Energy Agency for Scope 2 location-based reporting. For Scope 2 market-based reporting they are sourced directly from the electricity suppliers, where available.

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

Every effort is made to ensure the environmental data that we report is accurate. However should more accurate or complete data be available for prior years, we will restate if it results in a movement of at least 5% in the reported data. We may restate carbon emissions even when there is no change in consumption data, due to corrections to the emissions factors provided by Defra. In relation to the 2019 data some improvements were made in terms of quality and completeness, which resulted in a 6% increase.

Changes in Scope 1 and Scope 2 emissions

The Group's Scope 1 and 2 emissions reduced during the reporting period primarily due to lower production in India and Bangladesh. Total made tea production in India was down by 22% in 2020 and since these tea factories are primarily fueled by coal, this reduction in production represents 59% of the drop in the Group's total carbon footprint. The Group's Bangladesh operations saw made tea production reduce by 12%. These tea factories are primarily fueled by natural gas and this reduction in production represents a further 14% of the drop in the Group's carbon footprint.

One of the largest uses of energy in the Group is the requirement to process and dry our tea crop. We include the made tea intensity ratio (kg CO_2e per kg of made tea) and we continue to invest to increase the carbon efficiency of our tea factories. We are happy to report that in 2020 there has been a 7% improvement in the Group's made tea intensity ratio, mainly as a result of efficiency measures implemented at our Kenya and Malawi tea operations supported by a significant increase in production by our Kenyan operations and lower production in India. This was partially offset by the increased use of coal in India per kilo of Made Tea.

As mentioned above, the Group's perennial crops, sequester significant amounts of carbon. Recently, we conducted a study using Ricardo Plc to estimate the amount the Group's core crops and managed forestry sequester through the soil. On average, for our tea crop sequestration by the soil is estimated to offset c.43% of the carbon emissions from field production and land use change. Similarly, for our avocado and macadamia crops we estimate that soil sequestration offsets c.64% and 28% of the 2020 carbon emissions from field production respectively. There is also a large carbon stock that sits in the soil and that has built up over many years, which, as a Group, we have a duty to protect through the use of sustainable practices such as restorative agriculture techniques. We will continue to review our operations' practices regarding the protection and enhancement of our soils and assess where we can make improvements.

Environmental certifications
All of the Group's engineering businesses and ACS&T are ISO 140001 certified and many of our international operations are subject to stringent certifications that include environmental impact requirements.

Energy efficiency action taken
As noted above, an initiative between our Kenya tea operations and Cambridge University was established to investigate possible savings in thermal and electrical energy, and thus a reduction in energy use, in the manufacture of tea.

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

Operation	*Energy Saving Initiatives*	*Expected Saving per annum*
Eastern Produce Kenya	Installation of variable speed drives on the air inlet fans on the tea driers at one factory	72 MWh
ACS&T	Upgrading storage lighting to LED at one cold store	213 MWh
ACS&T	Installation of five fast close doors at five cold stores	375 MWh
AJT	Review of temperature set-points of radiant heaters in main workshop spaces	82 MWh

In aggregate, we expect the above energy saving initiatives and a number of smaller initiatives to result in 873 MWh saving in energy per annum.

In addition, the Group is continuing with its programme of replacing existing energy sources with renewable energy sources, which amounted to a further 490 MWh in 2020. The main initiatives taken to date include the installation of solar generation at a number of Duncan Brother's tea estates, EPK in Kenya and at the Group's farm in Brazil as well as the installation of hydro turbines at a number of Goodricke's tea estates. All our UK operations have green tariff electricity contracts.

The Group's operations have also made an assessment of potential energy efficiency initiatives that can be implemented over the next five years. The implementation of these initiatives is subject to approval by the respective operations' boards and the Group's annual budgeting process. We set out some of the key initiatives below:

Operation	*Energy Saving Initiatives*
Eastern Produce Malawi	Installation of new, more energy efficient driers at a number of its tea factories
Eastern Produce Malawi	Upgrading to lighter weight withering fans at a number of its tea factories and lighter weight fans at its macadamia factory
ACS&T	Installation of fast close doors at cold stores, reducing the amount of ambient air flow
ASC&T	Enhanced transport fleet training on driver behaviour and fuel consumption
Goodricke	Upgrading steam traps at a number of its tea factories, reducing steam

	losses and increasing efficiency
Eastern Produce Kenya	Installation of heat exchangers to recycle hot air from the boiler flue gases, in order to preheat the air entering the driers at several its tea factories
Eastern Produce Kenya	Installation of improved fuelwood storage at a number of its tea factories

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

SOCIAL

The Group's businesses are fundamentally connected to the welfare of the communities and environments in which we operate. We proactively invest to ensure these environments are protected and improved. Our focus is on the long-term stability, security and continuity of our businesses and those communities. We support and integrate the SDGs into our sustainability strategy, which forms a key pillar in our overall strategy.

The majority of our operations are based in developing countries. We make progress every year, not only in trying to increase wages, but also in improving housing, education and healthcare, all of which are important to improving livelihoods. To this end we are working with our supply chain, customers, national governments, trade unions and NGOs to improve living conditions of employees.

The Group's response to COVID

The pandemic continues to be a global crisis and the situation remains uncertain but the increasing rate of vaccinations is encouraging. The Group's operations reacted to the outbreak of the pandemic swiftly to protect its employees and communities. We have worked closely with local governments, communities and the Group's clients.

Measures and initiatives put in place have focused on training and education on sanitation, social distancing measures and the provision of medical and other equipment. Providing a safe place to work and supporting the Group's local communities have been particularly important over the past year. Further information is available from the Group's various social media platforms.

Healthcare

The majority of our tea estates in India and Bangladesh have a hospital and a qualified doctor, and our operations in these countries also have central hospitals. Our African operations run dispensaries established on their estates, offering medical services and care to employees, their dependents and people from surrounding communities. These are manned by qualified medical personnel from our operations and services are free to employees and their dependents. The Group provides medical services including, where appropriate, antiretroviral drugs in those communities where HIV and AIDS are a concern. Medical support is also provided to schools that are either run locally or by our operations.

Across the Group we own and/or operate 50 hospitals and 85 dispensaries. In 2020, the Group performed 878,744 patient treatments, of which 499,734 treatments were for Group employees, at its hospitals. The Group also owns and/or operates 176 nurseries and creches, 147 primary schools and 14 secondary schools. In total we educated more than 30,000 children. The Group owns c.48,000 houses and houses c.294,000 people, of which c.68,000 are employees.

Human Rights

We are determined to safeguard Human Rights across our own operations and supply chains. Many of the operations are subject to audit and certification, where Human Rights are one aspect of such process.

Following the allegations made against our East African operations, the Board decided to enhance the Group's governance and safeguarding oversight functions to comply with the UN Guiding Principles on Business and Human Rights. The Board has established a Safeguarding and Stewardship committee which is further described on page 38. The committee shall promote the highest standards in protecting and promoting Human Rights across the Group and has appointed an internationally respected firm of specialists to review the Human Rights position of our larger operations and to make recommendations for improvements where necessary.

In addition, we have started the process of putting in place Operational-level Grievance Mechanisms in many of our major countries of operation, which will be compliant with UN Guiding Principles and overseen by independent third-parties. We continue to review our Group Principal Policies to identify what, if any, changes should be made. We expect our investee companies similarly to review their own policies and procedures, including policies designed to ensure that support is provided to complainants where allegations of Human Rights violations arise.

Progressive measures
As described below, the Group has also implemented a significant number of progressive measures in both Kenya and Malawi to help protect the rights of its employees and their communities. Up to date information on these measures and other initiatives implemented across the Group are set out on the Camellia Group website.

Eastern Produce Malawi has established a Women's Empowerment Initiative which will fund projects to improve the skills, employment opportunities, and educational attainment of women and girls in and around its operations. These include:

- Gender Equality Scholarships for women.
- A specialist female leadership training programme to support the career progression of women into more senior positions.
- Funding community civic education programmes concentrating on Sexual Harassment and Gender Equality.
- Relocating and upgrading primary school facilities to include a community meeting hall.
- Maintaining boreholes in locations designed to benefit women and children locally to the estates.
- Establishing three new victim support units at local police stations.

In Kenya, Kakuzi has confirmed that it will be putting in place certain measures, for the benefit of the communities on and around its estate. These include:

- The provision of charcoal kilns and access to firewood so local communities can produce and sell sustainable charcoal for their own income generation.
- Building two social centres for community meetings.
- Employing predominantly female safety marshalls to give visible reassurance to those using access routes.
- Building three new roads accessible to the community without any requirement to obtain a licence to give people better access to local amenities.
- The establishment of a group to survey and demarcate land which has been previously donated by Kakuzi.
- The design and implementation of a Human Rights defenders policy.

Kakuzi has also engaged an additional independent Human Rights consultancy to conduct a Human Rights impact assessment of its operations, so that local communities and commercial partners can have confidence in Kakuzi's commitment to the highest standards of business and Human Rights.

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2021

STRATEGIC REPORT

Business Review
The Company is required to set out in this report a fair review of the business of the Group during the year ended 31 December 2020 and a description of the principal risks and uncertainties facing the Group. A fair review of the business of the Group is incorporated within the Chairman's Statement and the Operational report on pages 6 to 12. The Chairman's Statement and the Operational report, together with information contained within the report of the Directors, highlight the key factors affecting the Group's development and performance. Further details of the financial performance and position of the Group

are set out in the Financial report on pages 13 to 15. Other matters are dealt with below.

Group Strategy
The Board has adopted the following strategy for the Group:

- To develop a worldwide group of businesses requiring management to take a long-term view.
- The achievement of long-term shareholder returns through sustained and targeted investment.
- Investing in the environment and sustainability of the communities in which we do business.
- Setting the principles which the operating companies need to achieve through their policies and procedures to ensure that the quality and safety of their products and services meet the highest international standards.
- The continuous refinement and improvement of the Group's existing businesses using our internal expertise and financial strength.

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

Business Model
The Group consists of operations engaged in Agriculture, Engineering and Food Service. The Group also holds a range of Investments. Operations are managed on a divisional basis with regular reports made to the Board on performance against the annual budget. Each division is expected to perform against an agreed strategy with goals and targets for the short, medium and long-term. These are summarised below.

Agriculture
Core crops. To focus on our core crops of tea, macadamia and avocado where we have scale and geographic diversity. Where appropriate opportunities arise, to add to our production capability in these three crops, as well as to make aligned acquisitions and investments to enable us to capture more of the value chain. To investigate the possibility of a fourth core crop if suitable opportunities present themselves.

Speciality crops. To maintain our portfolio of speciality crops in order to retain the diversity of location and crop which has historically proven so valuable in spreading the Group's political and commodity price risk.

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

Engineering
AJT Engineering. To maintain our presence in the oil services sector whilst diversifying into adjacent energy related sectors in order to create a sustainably profitable engineering business focused on the wider energy sector.

Abbey Metal Finishing and Atfin. To continue to grow both businesses as quality suppliers to the aerospace industry. The impact of the pandemic on the aerospace industry may render this strategy unachievable and wider strategic options are being assessed.

Food Service
ACS&T. To continue to operate as a niche high quality business in the storage and distribution of frozen foods, aiming to achieve critical mass by profitable growth and if appropriate, acquisition.

Jing Tea. To grow the existing respected small brand into a larger, more profitable distributor and retailer of speciality teas internationally.

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

Investment Property. 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.

Associates

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

S172 Statement

This section serves as the Company's section 172 statement and should be read in conjunction with the whole of the Environmental and Social report, the Strategic report, the Corporate Governance report and the Statement of Directors' Responsibilities. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making.

The Directors continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long-term.

The Board regularly considers the views of its principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management presentations, meetings and operational visits. There is on-going dialogue between members of the Board and significant shareholders whose views are also reported to the Board.

The Board continues to enhance its methods of engagement with the workforce. During 2019 it was concluded that the most effective method to measure engagement across the Group's UK staff was to undertake an employee survey. This survey was conducted in 2020. We invited all UK employees to participate in an anonymous employee engagement survey called "Your Voice". It asked a series of questions relating to recognition, development, leadership, wellbeing and opinions on how the companies are responding to the COVID pandemic. The results generated a number of follow up initiatives which have been raised with the boards of the respective operations. These include more opportunity for middle management development and enhanced Group-communications. The survey will be repeated in 2021 to track progress, monitor engagement levels, implement new initiatives, and promote a culture of ongoing feedback.

Principal Risks and Uncertainties

There are a number of possible risks and uncertainties that could impact the Group's operations. The Group regularly monitors the risks at operational and Group level. Information on the Group's financial risks is disclosed in note 42 of the Accounts. The following material risks relating to the Group's principal operations have been identified.

Agriculture

Risk	*Potential Impact*	*Mitigation*
Climate change	Current agricultural patterns and practices become unsustainable. Land values and local communities are impacted. Flooding/ drought affecting crop yields.	Geographical spread of operations to lessen the impact of extreme weather on the Group as a whole. Investment in irrigation, water storage and drought resistant crop varieties.
Price volatility	Fluctuations in commodity prices impact profitability each season. In the event of a prolonged depression in the world tea market the impact on the Group would be material.	Use of forward contracts, product and crop diversification and building long-term strategic relationships with key customers.
Currency fluctuation	Profit volatility arising from sales in	Monitoring of foreign exchange rates

	US Dollars and Euros where there is no natural hedge against the cost of production in local currency.	and cash management.
Cost of production	Increased cost of production and lower profitability.	Introduction of more efficient working practices and the increased use of mechanisation and automation.
Long-term political issues over land ownership	Potentially losing access to farms and estates or paying more for existing property (for example if freeholds become leaseholds).	Monitoring changes to local land legislation with the assistance of lawyers and local trade associations. Maintaining collaborative relationships with governments at local and national levels.
Civil unrest 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 Principal Polices.
Health and safety	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.
Human Rights (current and historic)	Adverse impact on financial results from legal and reputational costs. Media and political pressure impacting operations or customers preparedness to buy products.	On-going training and raising awareness across the employees. Providing appropriate mechanisms to bring forward any allegations and redress (such as whistleblowing and Operational-level Grievance Mechanisms).

Engineering

Risk	*Potential Impact*	*Mitigation*
Key customer dependence	Losing a major customer.	Diversification of the customer base and careful customer relationship management.
Dependence on the oil and gas and aerospace sectors	Changes in market conditions leading to lower demand for services.	Diversification 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 compliance reviews.

Food Service

Risk	*Potential Impact*	*Mitigation*
Key customer dependence	Losing a major customer.	Diversification of the customer base

		and careful customer relationship management.
Health and safety	Vulnerability of the employees to injury at work due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation and training employees to adopt safe working practices. Regular external compliance reviews.

Investments

Risk	*Potential Impact*	*Mitigation*
Market	Decline in the value of investments and property.	Portfolio diversification, careful stock selection, the regular monitoring of individual company stock performance and a diversified property portfolio.

Group

Risk	*Potential Impact*	*Mitigation*
Prolonged impact of a pandemic	Interruption to production and/or disruption of supply to customers. Volatile equity markets impacting the pension schemes' deficits with a resultant increase in the funding requirement. Increased risk of bank failure, and foreign exchange volatility resulting in increased costs. Risk of imposition of currency controls leading to the inability to remit funds from overseas operations.	Implementation of contingency plans. Cost reduction and cash management measures. Ongoing monitoring of banking partners and country credit ratings.
UK and Overseas Pensions Increases in inflation and/or reductions in long-term government bond yields Lower than expected asset return Changes in local laws restricting the investment choices for the schemes' assets	Increase in the pension schemes' deficits with a resultant increase in the funding requirement.	Regular monitoring of and improvement to the investment strategy, the funding position of the pension schemes and investment performance.
Environmental	Contamination of local and wider environment due to the use of machinery and chemicals. Payment of fines and claims, criminal prosecutions and reputational damage.	Strict compliance with legislation, training employees to adopt safe working practices and lessen the impact on the environment.
Taxation Uncertainties in relation to the interpretation of complex tax legislation, or arising	Future adjustments to taxable income and expenses already recorded or increases to the cash tax costs incurred by the Group in future.	Tax exposures are considered individually, and judgements made with support from experienced tax professionals and external advisors.

from changes in tax legislation Risk that the Group's judgements are challenged by tax authorities		
Legal Uncertainties in relation to the application of English or other law or changes in case law	Group legal risk in relation to the activities of overseas operations (including potential litigation in the UK) and incurring costs in relation to the same.	Monitoring the interpretation of law and taking appropriate legal advice.
Potential cyber-threats such as computer viruses IT malfunctions or external cyber-attacks	Loss or theft of data. Interruption to services for customers and the business.	Developing our technology systems. Investing in developing the IT skills and capabilities of our people. Actively monitoring and mitigating any cyber-threats and suspicious IT activity. Implementation of disaster recovery plans for business critical systems.

Group Principal Policies – GPPs

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

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

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

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

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

High-level GPPs

Certification and Traceability

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

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

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

As part of our wider drive towards greater sustainability, we are developing a range of mid to long-term targets to reduce the environmental impact of our operations. As an example, strategic improvements in our usage and sourcing of energy supports our ambition to align with Science-Based Targets. Targets adopted by the operations to reduce greenhouse gas emissions are considered ‘Science-Based’ if they are in line with the level of de-carbonisation required to keep the global temperature increase below 2ºC compared to pre-industrial temperatures.

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

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

Compliance GPPs

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

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

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

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

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

Modern Slavery GPP
The Group continues to comply with the requirements of the Modern Slavery Act 2015, to ensure that modern slavery and human trafficking are not taking place either within the Group or in the supply chains of our operations. A copy of the statement for the year ended 31 December 2020 is available on the Company’s website. In some countries, it is both the cultural norm and permissible for parents to involve

their children in the production process. We do not subscribe to this approach and the use of child labour is prohibited across the Group. All Group operations are required to confirm this statement and adopt local policies and procedures to ensure continued compliance. This includes setting out codes of conduct when working alongside customers and suppliers.

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

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

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

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

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

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

Certain of the key financial performance indicators are included in the Operational report on pages 6 to 12.

Non-Financial Performance Indicators
Each operation has developed non-financial KPIs that are relevant to it, these include:

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

These are regularly monitored and used by local management. The Board considers such KPIs by exception where local operations notify that significant material issues have emerged.

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 local management.

As set out in the Group's Employee Welfare Policy, it is the Group's policy that operating companies give due consideration 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 2020.

	Men	Women
Company Directors	9	1
All employees	40,513	36,708

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2021

REPORT OF THE DIRECTORS

The Directors present their report together with the audited consolidated accounts for the year ended 31 December 2020.

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

Agriculture
Engineering
Food Service
Investments

Further details of the Group's activities are included in the Operational report on pages 6 to 12.

Results and Dividends
The loss after tax for the year amounted to £0.8 million (2019: profit after tax £15.1 million). The Board is proposing a final dividend for the year 2020 of 144p per share. Therefore, the total dividend payable for 2020 is 144p per share (2019: 42p per share). Details are shown in note 11 to the Accounts.

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

Camellia Plc ordinary shares of 10p each:	31 December 2020	1 January 2020
Malcolm Perkins	1,673	1,673
Tom Franks	200	100
Susan Walker	220	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, William Gibson, Gautam Dalal and Simon Turner will retire and, being eligible, will seek re-election at the AGM.

Jonathon Bond is not seeking re-election as he will be taking up a new executive post which necessitates him stepping down from the Board. 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 and Investment.

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

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

Non-Executive Directors
Chris Relleen was formerly a partner at PricewaterhouseCoopers. He was appointed as an 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, chairman of the Safeguarding and Stewardship committee (appointed in December 2020), and a member of the Audit and Nomination committees.

Frédéric Vuilleumier was appointed as an independent non-executive Director in March 2013. He is a partner of Oberson Abels SA, a law office based in Geneva, Switzerland. He was a member of the Audit committee until April 2019.

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

Jonathon Bond was appointed as an independent non-executive Director in March 2020. Jonathon has spent 25 years in the private equity industry with a particular focus on raising standards of governance and performance. He is also a senior independent director of Jupiter Fund Management plc, a non-executive director of Standard Life Private Equity Trust plc and Scottish Widows/Lloyds Bank Insurance. He was appointed a member of the Safeguarding and Stewardship committee in December 2020.

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

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

Substantial Shareholdings
As at 6 April 2021 the Company has been advised of the following interests in its share capital:

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	360,500	13.05
Quaero Capital SA	HSBC Global Custody Nominee (UK) Limited	147,598	5.34

* Controlled by Nokia Pensioenfonds VZW

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

At the AGM in 2020, shareholders gave authority for the Company to purchase up to 276,200 of its own shares. This authority expires at the conclusion of this year's AGM at which a resolution proposing renewal of the authority will be submitted to shareholders.

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

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

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

Energy and Carbon Disclosure

In compliance with the SECR requirements, our greenhouse gas emissions, energy consumption and energy reduction initiatives are reported within the Environment and Social report on pages 16 to 21.

Employees

Details in relation to employees are set out on page 30.

R&D

The Group undertakes some R&D projects within its operations in order to improve efficiency and grow revenues.

Future Development

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

Going Concern

The Directors, at the time of approving the financial statements, considered the Group's business activities together with the main trends and factors likely to affect the Group, the most recent business performance of the Group, including the impacts of the pandemic, as described in the Operational report on pages 6 to 12.

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

We have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our experience of trading through the pandemic over the last year, we expect our agriculture businesses will continue to operate broadly as currently. In the UK we have assumed that the food service market begins to recover gradually over the course of the next two years and that the aerospace market recovery to pre-COVID levels is delayed until 2026.

At 31 December 2020, the Group had cash and cash equivalents of £94.9 million with loans outstanding of £4.8 million. In addition, the Group had undrawn short-term loan and overdraft facilities of £23.7 million and a portfolio of liquid investments with a fair market value of £50.6 million.

We have modelled various severe but plausible scenarios using assumptions including the combined effect of reduced sales volumes for tea, reduced avocado exports and reduced sales volumes for macadamia during 2021. The revenue and operational impact of such volume reductions across our operations would have a substantially negative impact on Group profitability. We have also considered the risk of price reductions during 2021 for our tea, macadamia and avocado crops.

Historically in the tea sector, restrictions on, or reductions in the supply of tea either regionally or globally have led to higher selling prices and this was borne out in India during 2020. However, for prudence for the purposes of our downside scenario planning we have not reflected increased selling prices for tea nor any significant reduction to our operating cost base.

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

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

Directors therefore continue to adopt the going concern basis in preparing the financial statements.

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

Corporate Governance
The Company's statement on corporate governance can be found in the Corporate Governance report on pages 35 to 39.

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

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2021

CORPORATE GOVERNANCE

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

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

The Board
The Board currently comprises ten Directors, six of whom are non-executive Directors. The remaining Directors are executive Directors, including the 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 31 and 32.

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

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

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

- Approval of changes to capital structure

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

A report summarising the Group's financial and operational performance is provided to Directors each month. Each Director has sufficient information in advance of Board meetings to enable informed judgements to be made on matters referred to the Board. The Board met 10 times in 2020.

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

Director	Board	Audit	Remuneration	Nomination
Malcolm Perkins	10/10	–	–	1/1
Chris Relleen	10/10	4/4	2/2	1/1
Tom Franks	10/10	–	–	–
Graham Mclean	10/10	–	–	–
Susan Walker	10/10	–	–	–
William Gibson	10/10	4/4	2/2	1/1
Frédéric Vuilleumier	10/10	–	–	–
Gautam Dalal	10/10	4/4	–	–
Simon Turner	9/10	–	–	–
Jonathon Bond	9/10	–	–	–

Board Evaluation

The Board has agreed to undertake a performance evaluation by way of internal review every three years. The last evaluation was conducted in 2018. Details of the next review will be disclosed when the next review is completed at the end of 2021.

Executive Committees

The Board has established the Strategy Group, consisting of the Chairman, the executive Directors of the Board and the Group General Counsel. The Board has also established two Executive Committees. The Agriculture Executive Committee is chaired by the Director of Agriculture and includes the Chief Executive, Chief Financial Officer, the Group General Counsel and heads of all the key agricultural operations. The Engineering and Food Service Executive Committee is chaired by the Chief Executive and includes the Chief Financial Officer, the Managing Directors of UK businesses, the Group General Counsel, the UK Investment Manager and the UK Head of HR.

Investments and Associates report directly to the Chief Executive.

Nomination Committee

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

The principal responsibilities of the committee are set out below:

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

The committee met once during the year to consider the composition of the Audit committee.

Audit Committee

The committee is chaired by Chris Relleen. The other members of the committee during the year were Gautam Dalal and William Gibson. During 2020, the committee met on three occasions.

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

- Monitor the effectiveness of the Group's risk management practices.

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

Significant issues considered by the Audit Committee

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

Going concern

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

Biological assets

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

Pensions

A key area of judgement is in relation to the valuation of the pension schemes obligations. Whilst this is conducted by independent actuaries, the size of the obligation means that a relatively minor difference in the assumptions could result in a material change in the quantum of the obligation. The committee considered the competence of the actuaries and the key assumptions adopted and concluded that the work performed is sufficient to support the valuation.

Carrying value of intangible assets

The Group's carrying value of the Jing and Tea City brands and of the goodwill relating to the two Assam estates purchased in 2019 were discussed in light of the trading of those businesses and the uncertainties regarding timing of recovery from the impact of COVID and future revenue growth rates for Jing. The committee considered the fair value of the Group's holdings and whether any impairment in the carrying value had occurred and agreed that apart from a £3.5 million provision for impairment of the Jing brand, no impairment provision was required.

Carrying value of tangible assets

The committee considered the fair value of the Group's investment property portfolio, the carrying value of plant and equipment at the engineering subsidiaries, and other fixtures and fittings in the UK in the context of COVID and third party valuations and agreed that an impairment of £3.0 million had occurred.

Carrying value of BF&M

The Group's carrying value of BF&M was higher than the share price for BF&M at 31 December 2020. The committee considered the fair value of the Group's holding and whether any impairment in the carrying value had occurred and in view of the increase in the share price post year end and the control premium associated with our holding concluded that no impairment is required.

Costs relating to the litigation relating to East Africa

The committee considered the recognition criteria, quantification and accounting treatment of the expected legal and other costs of the litigation relating to Kakuzi and Eastern Produce Malawi, with reference to costs incurred to 31 December 2020, the agreed settlements in each case and the legal costs expected to be incurred during 2021 in finalising and withdrawing the court action. This included consideration of the appropriate classification of the expected liabilities between trade creditors, accruals and provisions.

Provisions

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

External auditor

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

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

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

Remuneration Committee

The committee is chaired by William Gibson and the other member is 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 and responsibly rewarded.
- To approve compensation packages or arrangements following the severance of any executive Director's service contract.

The Remuneration report appears on pages 41 to 42.

Safeguarding & Stewardship Committee

In 2020, the Company established a Safeguarding and Stewardship Committee to promote its mission to meeting the highest standards in protecting and promoting Human Rights across the Group. The committee meets regularly throughout the year and is chaired by William Gibson. Other members of the committee are Jonathon Bond, Amarpal Takk and Louise Nicholls (the former head of Human Rights and food sustainability at a leading UK supermarket). Malcolm Perkins will join the committee in June, following the resignation of Jonathon Bond.

The principal objectives of the committee are set out below:

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

Insurance

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

Share Capital Structure

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

Internal Control and Risk Management Systems

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

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

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and Accounts in accordance with applicable law and regulations.

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

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

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement
We confirm that to the best of our knowledge:

- The Financial Statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

- The Strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
- The Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Approved by the Board

Malcolm Perkins
Chairman

3 May 2021

REMUNERATION REPORT

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

Remuneration Committee
Details of the Remuneration committee are set out on page 38.

Policy on Directors' Remuneration
The policy agreed by the committee is as follows:

- To seek to provide remuneration packages that will attract, retain and motivate the right people for the roles.
- So far as is practicable to align the interests of the executives with those of shareholders.
- To reflect the overriding remuneration philosophy and the principles of the wider Group.
- In implementing the second point, the Company does not operate profit related bonus, share option or share incentive schemes for Directors as the Group's activities are based largely on agriculture, which is highly dependent on factors outside management control such as the weather and market prices.

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

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

The remuneration policy was approved by shareholders at the 2017 AGM and applied for a period of three years until 2020. The committee considers any views of the shareholders expressed on Directors' remuneration.

At the AGM on 10 June 2020, the Remuneration Report for the year to 31 December 2019 was approved by shareholders with 99.97% of the votes cast in favour, 0.03% of the votes cast against and 585 votes withheld.

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

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

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

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

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

Directors' Remuneration

	Remuneration		Benefits in Kind		Total	
	2020	*2019*	2020	*2019*	2020	*2019*
	£	*£*	£	*£*	£	*£*
Executive						
Malcolm Perkins	261,006	*442,344*	15,140	*30,172*	276,146	*472,516*
Tom Franks	611,820	*594,000*	38,453	*42,582*	650,273	*636,582*
Susan Walker	373,890	*363,000*	28,057	*34,306*	401,947	*397,306*
Graham Mclean	402,215	*390,500*	29,866	*51,006*	432,081	*441,506*
Non-executive						
William Gibson	50,470	*49,000*	–	–	50,470	*49,000*
Chris Relleen	54,590	*53,000*	–	–	54,590	*53,000*
Frédéric Vuilleumier	51,500	*50,000*	–	–	51,500	*50,000*
Gautam Dalal	47,380	*46,000*	–	–	47,380	*46,000*
Simon Turner	38,815	–	–	–	38,815	–
Jonathon Bond	38,815	–	–	–	38,815	–
Total	1,930,501	1,987,844	111,516	158,066	2,042,017	2,145,910

Notes

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

(ii) Chris Relleen received an additional annual fee for his Chairmanship of the Audit committee.

(iii) William Gibson received an additional annual fee for his Chairmanship of the Remuneration committee.

Directors' Pensions

Malcolm Perkins received no payment for pensionable service during 2020. Tom Franks, Graham Mclean and Susan Walker receive an excess non-pensionable salary supplement equivalent to 10% of base salary.

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.

Approved by the Board

Amarpal Takk
Company Secretary

3 May 2021

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2020

		2020			*2019*		
	Notes	Underlying (note 4) £'m	Separately disclosed items (note 4) £'m	£'m	*Underlying (note 4) £'m*	*Separately disclosed items (note 4) £'m*	*£'m*
Continuing operations							

Revenue	2	291.2	–	291.2	*291.5*	–	*291.5*
Cost of sales		(227.7)	–	(227.7)	*(224.1)*	*6.2*	*(217.9)*
Gross profit		63.5	–	63.5	*67.4*	*6.2*	*73.6*
Other operating income		3.0	–	3.0	*4.0*	–	*4.0*
Distribution costs		(16.2)	–	(16.2)	*(15.0)*	–	*(15.0)*
Administrative expenses	3	(43.4)	(16.1)	(59.5)	*(44.8)*	*(1.3)*	*(46.1)*
Trading (loss)/profit	1,3	6.9	(16.1)	(9.2)	*11.6*	*4.9*	*16.5*
Share of associates' results	5	6.1	–	6.1	*4.6*	–	*4.6*
Profit on disposal of property, plant and equipment	6	–	14.4	14.4	–	–	–
Impairments of intangible assets, investment properties and plant and equipment	7	–	(6.5)	(6.5)	–	–	–
Profit on disposal of financial assets		0.2	–	0.2	*0.2*	–	*0.2*
Operating profit		13.2	(8.2)	5.0	*16.4*	*4.9*	*21.3*
Investment income		0.6	–	0.6	*0.7*	–	*0.7*
Finance income	8	2.3	–	2.3	*3.9*	–	*3.9*
Finance costs	8	(1.6)	–	(1.6)	*(2.2)*	–	*(2.2)*
Net exchange gain/(loss)	8	2.2	–	2.2	*(0.3)*	–	*(0.3)*
Employee benefit expense	8	(0.7)	–	(0.7)	*(1.1)*	–	*(1.1)*
Net finance income	8	2.2	–	2.2	*0.3*	–	*0.3*
Profit before tax		16.0	(8.2)	7.8	*17.4*	*4.9*	*22.3*
Taxation	9			(8.6)			*(7.2)*
(Loss)/profit after tax				(0.8)			*15.1*
(Loss)/profit attributable to:							
Owners of Camellia Plc				(5.0)			*8.3*
Non–controlling interests				4.2			*6.8*
				(0.8)			*15.1*
(Loss)/earnings per share – basic and diluted	12			(181.0)p			*300.5p*

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 £'m	*2019 £'m*
Group			
(Loss)/profit for the year		(0.8)	*15.1*
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income:			
Fair value adjustment released on disposal	23	(1.1)	*(0.3)*
Profit on disposal		0.8	*1.2*
		(0.3)	*0.9*
Changes in the fair value of financial assets	23	2.3	*6.9*
Deferred tax movement in relation to fair value adjustments		(0.7)	*(0.9)*
Remeasurements of post-employment benefit obligations	35	4.3	*3.5*
Deferred tax movement in relation to post employment benefit obligations	34	0.6	*(0.5)*
		6.2	*9.9*
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences		(22.6)	*(16.7)*

Share of other comprehensive income of associates	0.3	*0.3*
	(22.3)	*(16.4)*
Other comprehensive expense for the year, net of tax	(16.1)	*(6.5)*
Total comprehensive (expense)/income for the year	(16.9)	*8.6*
Total comprehensive (expense)/income attributable to:		
Owners of Camellia Plc	(16.6)	*4.2*
Non-controlling interests	(0.3)	*4.4*
	(16.9)	*8.6*
Company		
Profit for the year	4.5	*4.2*
Total comprehensive income for the year	4.5	*4.2*

CONSOLIDATED BALANCE SHEET

at 31 December 2020

	Notes	2020 £'m	*2019 £'m*
ASSETS			
Non-current assets			
Intangible assets	15	6.6	*10.3*
Property, plant and equipment	16	198.3	*222.5*
Right-of-use assets	17	16.6	*18.5*
Investment properties	18	19.1	*18.3*
Biological assets	19	12.7	*14.6*
Investments in associates	22	67.6	*66.0*
Financial assets at fair value through other comprehensive income	23	42.6	*37.8*
Financial asset at fair value through profit or loss	24	5.3	*6.2*
Financial assets at amortised cost	25	2.7	*3.0*
Other investments - heritage assets	26	9.8	*9.8*
Retirement benefit surplus	35	0.1	*0.7*
Trade and other receivables	28	2.4	*2.8*
Total non-current assets		383.8	*410.5*
Current assets			
Inventories	27	47.5	*49.3*
Biological assets	19	7.1	*9.1*
Trade and other receivables	28	43.7	*44.3*
Current income tax assets		1.7	*1.2*
Cash and cash equivalents (excluding bank overdrafts)	29	98.5	*91.4*
Total current assets		198.5	*195.3*
LIABILITIES			
Current liabilities			
Financial liabilities - borrowings	31	(5.7)	*(5.6)*
Lease liabilities	32	(1.2)	*(1.2)*
Trade and other payables	30	(50.9)	*(48.6)*
Current income tax liabilities		(10.3)	*(4.2)*
Employee benefit obligations	35	(1.1)	*(0.7)*
Provisions	33	(19.0)	*(8.9)*
Total current liabilities		(88.2)	*(69.2)*
Net current assets		110.3	*126.1*
Total assets less current liabilities		494.1	*536.6*
Non-current liabilities			
Financial liabilities - borrowings	31	(2.7)	*(3.3)*
Lease liabilities	32	(10.3)	*(11.8)*
Deferred tax liabilities	34	(39.5)	*(47.1)*
Employee benefit obligations	35	(15.6)	*(22.0)*
Total non-current liabilities		(68.1)	*(84.2)*

Net assets		426.0	*452.4*
EQUITY			
Called up share capital	36	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		361.0	*380.1*
Equity attributable to owners of Camellia Plc		376.6	*395.7*
Non-controlling interests		49.4	*56.7*
Total equity		426.0	*452.4*

COMPANY BALANCE SHEET
at 31 December 2020

	Notes	2020 £'m	*2019 £'m*
ASSETS			
Non-current assets			
Investments in subsidiaries	21	73.5	*73.5*
Other investments – heritage assets	26	11.0	*11.0*
Total non-current assets		84.5	*84.5*
Current assets			
Trade and other receivables	28	0.6	–
Current income tax asset		0.1	*0.1*
Amounts due from group undertakings		2.2	–
Total current assets		2.9	*0.1*
LIABILITIES			
Current liabilities			
Trade and other payables	30	(0.8)	*(0.6)*
Amounts due to group undertakings		(16.1)	*(17.0)*
Provisions	33	(1.9)	–
Total current liabilities		(18.8)	*(17.6)*
Net current liabilities		(15.9)	*(17.5)*
Total assets less current liabilities		68.6	*67.0*
Non-current liabilities			
Deferred tax liabilities	34	(0.2)	*(0.2)*
Total non-current liabilities		(0.2)	*(0.2)*
Net assets		68.4	*66.8*
EQUITY			
Called up share capital	36	0.3	*0.3*
Share premium		15.3	*15.3*
Reserves		52.8	*51.2*
Total equity		68.4	*66.8*

The profit for the company is shown in note 10.

The notes on pages 50 to 116 form part of the financial statements.

The financial statements on pages 43 to 116 were approved on 3 May 2021 by the board of Directors and signed on their behalf by:

M C Perkins
Chairman

Registered Number 00029559

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020

	Notes	2020 £'m	*2019 £'m*

Cash generated from operations			
Cash flows from operating activities	37	19.3	*21.2*
Interest received		2.4	*4.0*
Interest paid		(1.6)	*(1.7)*
Income taxes paid		(7.2)	*(10.9)*
Net cash flow from operating activities		12.9	*12.6*
Cash flows from investing activities			
Purchase of intangible assets		(0.3)	*(0.1)*
Purchase of property, plant and equipment		(13.5)	*(18.4)*
Proceeds from sale of non-current assets		0.5	*1.7*
Proceeds from sale of non-current assets - non recurring		21.6	–
Additions to investment property		(0.9)	*(0.5)*
Biological assets: non-current - disposals /(additions)		0.7	*0.7*
Payment for acquisition of a businesses/subsidiary net of cash acquired		–	*(9.4)*
Proceeds from sale of assets held for sale – investment property		–	*0.8*
Investment in associates		(0.3)	*(1.3)*
Dividends received from associates		3.2	*3.1*
Purchase of investments		(12.4)	*(11.4)*
Proceeds from sale of investments		9.1	*10.3*
Income from investments		0.6	*0.7*
Purchase of other investments – heritage assets		–	*(0.3)*
Net cash flow from investing activities		8.3	*(24.1)*
Cash flows from financing activities			
Equity dividends paid		(2.8)	*(4.0)*
Dividends paid to non-controlling interests		(7.0)	*(4.5)*
New loans	38	1.9	*3.6*
Loans repaid	38	(3.6)	*(0.6)*
Payments of lease liabilities	38	(0.9)	*(0.4)*
Net cash flow from financing activities		(12.4)	*(5.9)*
Net increase/(decrease) in cash and cash equivalents		8.8	*(17.4)*
Cash and cash equivalents at beginning of year	29	89.4	*109.6*
Exchange losses on cash		(3.3)	*(2.8)*
Cash and cash equivalents at end of year	29	94.9	*89.4*

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

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2020

	Notes	2020 £'m	*2019 £'m*
Cash generated from operations			
Profit before tax		4.5	*4.2*
Adjustments for:			
Interest income		(0.2)	*(0.2)*
Dividends from group companies		(10.0)	*(5.3)*
Increase in trade and other receivables		(0.6)	–
Increase in trade and other payables		0.2	–
Movement in provisions		1.9	–
Net movement in intra-group balances		(3.1)	*0.1*
Cash used in operations		(7.3)	*(1.2)*
Interest received		0.2	*0.2*
Net cash flow from operating activities		(7.1)	*(1.0)*
Cash flows from investing activities			
Purchase of other investments – heritage assets		–	*(0.3)*
Dividends received		10.0	*5.3*

Net cash flow from investing activities		10.0	*5.0*
Cash flows from financing activities			
Equity dividends paid		(2.9)	*(4.1)*
Net cash flow from financing activities		(2.9)	*(4.1)*
Net movement in cash and cash equivalents		–	*(0.1)*
Cash and cash equivalents at beginning of year	29	–	*0.1*
Cash and cash equivalents at end of year	29	–	*–*

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital £'m	Share premium £'m	Treasury shares £'m	Retained earnings £'m	Other reserves £'m	Total £'m	Non-controlling interests £'m	Total equity £'m
Group								
At 1 January 2019	0.3	15.3	(0.4)	350.7	29.6	395.5	56.8	452.3
Total comprehensive income/(expense) for the year	–	–	–	11.9	(7.7)	4.2	4.4	8.6
Dividends	–	–	–	(4.0)	–	(4.0)	(4.5)	(8.5)
At 31 December 2019	0.3	15.3	(0.4)	358.6	21.9	395.7	56.7	452.4
Total comprehensive income/(expense) for the year	–	–	–	(0.3)	(16.9)	(16.6)	(0.3)	(16.9)
Dividends	–	–	–	(2.8)	–	(2.8)	(7.0)	(9.8)
Share of associate's other equity movements	–	–	–	0.3	–	0.3	–	0.3
At 31 December 2020	0.3	15.3	(0.4)	356.4	5.0	376.6	49.4	426.0
Company								
At 1 January 2019	0.3	15.3	–	39.0	12.1	66.7	–	66.7
Total comprehensive income for the year	–	–	–	4.2	–	4.2	–	4.2
Dividends	–	–	–	(4.1)	–	(4.1)	–	(4.1)
At 31 December 2019	0.3	15.3	–	39.1	12.1	66.8	–	66.8
Total comprehensive income for the year	–	–	–	4.5	–	4.5	–	4.5
Dividends	–	–	–	(2.9)	–	(2.9)	–	(2.9)
At 31 December 2020	0.3	15.3	–	40.7	12.1	68.4	–	68.4

Other reserves of the group include net exchange differences of £50.8 million deficit (2019: £33.0 million deficit).

Group retained earnings includes £157.3 million (2019: £168.4 million) which would require exchange control permission for remittance as dividends.

ACCOUNTING POLICIES

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

Basis of preparation

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

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

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In current year, comparative figure of £1.3 million has been represented as a separately disclosed item within administrative expenses to be consistent with the treatment in 2020 of the disclosure of the legal and other costs relating to the defence of the litigation concerning our East African operations. As a result of this presentational change underlying profit before tax for 2019 has changed from £16.1 million as previously reported to £17.4 million. The representation had no impact upon the net profit for the period.

Going concern
The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue to operate for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements. See additional disclosure on page 33.

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 the acquiree's identifiable net assets.

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

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

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

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

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

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

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

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

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

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

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

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

In respect of rental income, revenue is recognised on a straight-line basis over the lease term.

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

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

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

No depreciation is provided on freehold land. Depreciation of other property, plant and equipment is calculated to write off their cost less residual value over their expected useful lives.

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

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

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

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

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

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

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

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

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

Financial assets

Classification of financial assets

(i) Equity instruments designated as at fair value through other comprehensive income (FVTOCI)
On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

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

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

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

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

(iii) Amortised cost and effective interest method
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial

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

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

Impairment of financial assets

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

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

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

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

(i) Significant increase in credit risk

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

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

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

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

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

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

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

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

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

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

(ii) Definition of default

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

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

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

(iii) Credit-impaired financial assets

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

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

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

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

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

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

(iv) Write-off policy

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

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

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

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employee benefits

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

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

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

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

Past service costs are recognised directly in the Income Statement.

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

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

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

amount has been reliably estimated.

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

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

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

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

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

Accounting judgments
Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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

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

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

(i) Impairment of assets
The assessment of the recoverable amount for each group of CGUs is subject to a number of assumptions.

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

The sensitivity of carrying amounts of intangible brand is set out at note 15 and of biological and financial assets at notes 19 and 42 respectively.

(ii) Biological assets
Biological assets are carried at fair value less estimated point-of-sale costs. Where meaningful market-

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

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

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

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

(vi) COVID
In addition in light of the current ongoing impact of the COVID pandemic, valuations of certain assets and liabilities are necessarily more subjective.

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 2020:

Amendments to IFRS 3 Definition of a business
The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material
The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition

of 'material' or refer to the term 'material' to ensure consistency.

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

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

IFRS 17	Insurance contracts
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Annual Improvements to IFRS 2018-2020	

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

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

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

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

Amendments to IFRS 3 – Reference to the Conceptual Framework

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

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

Annual Improvements to IFRS Standards 2018–2020

The Annual Improvements include amendments to four Standards.

IFRS 9 Financial Instruments

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

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

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

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

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

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.

In addition, the Group holds a number of investments.

Segment information about these businesses is presented below:

	Agriculture		Engineering		Food Service		Unallocated		Consolidated	
	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*
Revenue										
External sales	247.2	*238.7*	19.3	*22.1*	23.6	*29.8*	1.1	*0.9*	291.2	*291.5*
Underlying trading profit/(loss)	18.3	*19.0*	(1.5)	*–*	(1.7)	*0.8*	(8.2)	*(8.2)*	6.9	*11.6*
Separately disclosed items	(16.1)	*4.9*	–	*–*	–	*–*	–	*–*	(16.1)	*4.9*
Trading (loss)/profit	(2.2)	*23.9*	(1.5)	*–*	(1.7)	*0.8*	(8.2)	*(8.2)*	(9.2)	*16.5*
Share of associates' results	–	*–*	–	*–*	–	*–*	6.1	*4.6*	6.1	*4.6*
Profit on disposal of property, plant and equipment	14.4	*–*	–	*–*	–	*–*	–	*–*	14.4	*–*
Impairment of intangible assets, investment properties and plant and equipment	(0.2)	*–*	(1.6)	*–*	(3.7)	*–*	(1.0)	*–*	(6.5)	*–*
Profit on disposal of financial assets	0.2	*0.2*	–	*–*	–	*–*	–	*–*	0.2	*0.2*
Operating profit/(loss)	16.6	*24.1*	(3.1)	*–*	(5.4)	*0.8*	(3.1)	*(3.6)*	5.0	*21.3*
Comprising										
– underlying operating profit/(loss) before tax	18.5	*19.2*	(1.5)	*–*	(1.7)	*0.8*	(2.1)	*(3.6)*	13.2	*16.4*
– Profit on disposal of property, plant and equipment	14.4	*–*	–	*–*	–	*–*	–	*–*	14.4	*–*
– costs related to group claims	(16.1)	*(1.3)*	–	*–*	–	*–*	–	*–*	(16.1)	*(1.3)*
– impairment of intangible assets and property, plant and equipment	(0.2)	*–*	(1.6)	*–*	(3.7)	*–*	(1.0)	*–*	(6.5)	*–*
– release of provisions for wage	–	*9.8*	–	*–*	–	*–*	–	*–*	–	*9.8*

increases										
– charge to workers profit participation	–	(3.6)	–	–	–	–	–	–	–	(3.6)
	16.6	24.1	(3.1)	–	(5.4)	0.8	(3.1)	(3.6)	5.0	21.3
Investment income									0.6	0.7
Net finance income									2.2	0.3
Profit before tax									7.8	22.3
Taxation									(8.6)	(7.2)
(Loss)/profit after tax									(0.8)	15.1
Other information										
Segment assets	354.2	364.8	16.6	19.1	27.9	32.9	20.5	19.8	419.2	436.6
Investments in associates									67.6	66.0
Unallocated assets									95.5	103.2
Consolidated total assets									582.3	605.8
Segment liabilities	(60.3)	(49.8)	(11.8)	(12.1)	(6.4)	(7.0)	(2.9)	(2.6)	(81.4)	(71.5)
Unallocated liabilities									(74.9)	(81.9)
Consolidated total liabilities									(1.56 .3)	(153.4)
Capital expenditure	11.3	15.3	0.6	0.6	1.3	2.3	1.2	0.7	14.4	18.9
Depreciation	(12.5)	(13.3)	(1.4)	(1.5)	(2.1)	(1.8)	(0.2)	(0.2)	(16.2)	(16.8)
Amortisation	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)	(0.3)
Impairments	(0.2)	(0.3)	(1.6)	–	(3.7)	–	(1.0)	–	(6.5)	(0.3)

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

Geographical segments

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

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

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

	At a point in time		Over time		Total	
	2020	*2019*	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*
United Kingdom	49.8	*56.5*	1.0	*0.8*	50.8	*57.3*
Continental Europe	26.6	*24.0*	–	–	26.6	*24.0*
Bangladesh	23.3	*23.9*	–	–	23.3	*23.9*
India	99.9	*92.4*	–	–	99.9	*92.4*
Kenya	32.0	*30.2*	–	–	32.0	*30.2*
Malawi	13.7	*11.0*	0.1	*0.1*	13.8	*11.1*

North America	14.7	*14.0*	–	–	14.7	*14.0*
South Africa	2.2	*3.0*	–	–	2.2	*3.0*
South America	6.4	*5.9*	–	–	6.4	*5.9*
Other	21.5	*29.7*	–	–	21.5	*29.7*
	290.1	*290.6*	1.1	*0.9*	291.2	*291.5*

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	
	2020	*2019*	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*	£'m	*£'m*
United Kingdom	62.1	*68.3*	2.2	*3.0*	0.9	*0.5*
Continental Europe	0.8	*1.1*	–	–	–	–
Bangladesh	64.4	*68.2*	1.7	*2.1*	–	–
India	102.9	*103.1*	2.7	*3.6*	–	–
Kenya	89.4	*99.5*	3.7	*4.7*	–	–
Malawi	48.0	*54.0*	0.4	*1.6*	–	–
Tanzania	3.7	*1.3*	1.5	–	–	–
North America	24.7	*12.4*	–	–	–	–
South Africa	14.2	*18.7*	1.0	*3.1*	–	–
South America	9.0	*10.0*	0.3	*0.3*	–	–
	419.2	*436.6*	13.5	*18.4*	0.9	*0.5*

2 Revenue

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

	2020	*2019*
	£'m	*£'m*
Sale of goods	247.2	*242.9*
Distribution and warehousing revenue	23.6	*25.6*
Engineering services revenue	19.3	*22.1*
Property rental revenue	1.1	*0.9*
Total Group revenue	291.2	*291.5*
Other operating income	3.0	*4.0*
Investment income	0.6	*0.7*
Interest income	2.3	*3.9*
Total Group income	297.1	*300.1*

Disaggregation of revenue from contracts with customers:

	At a point in time		Over time	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Sale of goods	247.2	*242.9*	–	–
Distribution and warehousing revenue	23.6	*25.6*	–	–
Engineering services revenue	19.3	*22.1*	–	–
Property rental revenue	–	–	1.1	*0.9*
Total Group revenue	290.1	*290.6*	1.1	*0.9*

3 Trading (loss)/profit

	2020	*2019*
	£'m	*£'m*
The following items have been included in arriving at trading (loss)/profit:		
Employment costs (note 13)	108.1	*118.0*
Inventories:		

Cost of inventories recognised as an expense (included in cost of sales)	163.9	*164.4*
Cost of inventories provision recognised as an expense (included in cost of sales)	0.9	*–*
Fair value gain included in Made Tea	0.1	*0.1*
Depreciation of property, plant and equipment:		
Owned assets	15.2	*15.8*
Right-of-use assets	1.0	*0.9*
Amortisation of intangibles (included in administrative expenses)	0.3	*0.3*
Impairment of intangibles (included in administrative expenses)	–	*0.3*
Gain from change in fair value of non-current biological assets	0.4	*1.4*
(Loss)/profit on disposal of property, plant and equipment	(0.1)	*0.5*
Repairs and maintenance expenditure on property, plant and equipment	2.1	*5.4*
Government grant income (included in other operating income)	0.8	*–*

During the year the Group benefitted from £0.8 million (2019: £nil) of government grants in the form of the UK Coronavirus Job Retention Scheme. In accordance with our accounting policy this credit is included in other operating income within the Income Statement over the same period as the staff costs for which it compensates.

Currency exchange (gains)/losses (credited)/charged to income include:		
Revenue	(0.1)	*–*
Distribution costs	(0.1)	*–*
Administrative expenses	(0.1)	*(0.2)*
Investment income	–	*(0.1)*
Finance income and costs	(2.2)	*0.3*
	(2.5)	*–*

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	0.6	*0.5*
	0.8	*0.7*
Audit related assurance services	–	*0.1*
Tax compliance services	0.1	*0.1*
	0.9	*0.9*

4 Underlying performance

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

The following items have been excluded in arriving at the underlying profit measure and have been separately disclosed:

- A £14.4 million profit from the disposal of the property, plant and equipment owned by Horizon Farms.
- £16.1 million (2019: £1.3 million) of legal and other costs relating to the defence of the litigation concerning our East African operations, including the settlements of up to £4.6 million in relation to the Kenyan claims and £2.3 million in relation to the Malawian claims.

- Impairment charges in relation to the Jing Tea brand, investment properties, plant and equipment at Abbey Metal Finishing and at Atfin and elsewhere in the UK totaling £6.5 million. See note 7.

5 Share of associates' results

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

	2020	*2019*
	£'m	*£'m*
Profit before tax	6.7	*5.3*
Taxation	(0.6)	*(0.7)*
Profit after tax	6.1	*4.6*

6 Profit on disposal of property, plant and equipment

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

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

Jing Tea is a UK subsidiary that operates within the global tourism and hospitality sector and also has a retail operation. These operations were severely affected in 2020 by the pandemic and the measures taken to contain it. These measures, which included a significant lockdown period, constituted a triggering event leading to an impairment test in the interim condensed financial statements for the six months ended 30 June 2020, which resulted in a brand impairment of £3.2 million. The Group tests the carrying value of brands annually in December and this resulted in a further impairment of £0.3 million (2019: £nil). The assumptions used in performing the interim impairment test have been updated to reflect lower expected earnings in 2021–23 than previously assumed and a delay in the return to the pre-pandemic levels of turnover in the out of home market until 2023. A sensitivity analysis in relation to the brand impairment is set out in note 15. In addition, a £0.2 million impairment of fixtures and fittings relating to their retail store was also provided.

Abbey Metal Finishing is a UK subsidiary and its German subsidiary Atfin provide specialist coating services for the aerospace sector. These companies operations were severely affected in 2020 by the pandemic and the measures taken to contain it. These measures, which included a significant lockdown period and curtailments to travel, constituted a triggering event leading to an impairment test in the interim condensed financial statements for the six months ended 30 June 2020, which resulted in a plant and equipment impairment of £0.2 million. The Group tests for impairment triggers annually in December and this resulted in a further impairment of £1.4 million. The assumptions used in performing the interim impairment test have been updated to reflect an extended period of recovery and a delay in the return to the pre-pandemic levels of turnover until 2026.

In addition, a £0.2 million impairment provision has been included in investment properties in relation to recently developed UK investment properties, a £0.8 million impairment on other UK fixture and fittings and a £0.2 million impairment on fixture and fixtures at EP Cape in South Africa.

8 Finance income and costs

	2020	*2019*
	£'m	*£'m*
Interest payable on loans and bank overdrafts	(0.9)	*(1.5)*
Interest payable on leases	(0.7)	*(0.7)*
Finance costs	(1.6)	*(2.2)*
Finance income - interest income on short-term bank deposits	2.3	*3.9*
Net exchange gain/(loss) on foreign cash balances	2.2	*(0.3)*
Employee benefit expense (note 35)	(0.7)	*(1.1)*
Net finance income	2.2	*0.3*

9 Taxation

Analysis of charge in the year	2020	*2019*

Current tax	£'m	£'m	*£'m*
UK corporation tax			
UK corporation tax at 19.0 per cent. (2019: 19.0 per cent.)	0.3		*0.6*
Double tax relief	(0.3)		*(0.6)*
Foreign tax		–	*–*
Corporation tax	13.2		*8.7*
Adjustment in respect of prior years	–		*(2.4)*
		13.2	*6.3*
Total current tax		13.2	*6.3*
Deferred tax			
Origination and reversal of timing differences			
United Kingdom	(0.7)		*(1.1)*
Overseas	(3.9)		*2.0*
		(4.6)	*0.9*
Tax on profit on ordinary activities		8.6	*7.2*
Factors affecting tax charge for the year			
Profit on ordinary activities before tax		7.8	*22.3*
Share of associated undertakings profit		(6.1)	*(4.6)*
Group profit on ordinary activities before tax		1.7	17.7
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19.00 per cent. (2019: 19.00 per cent.)		0.3	*3.4*
Effects of:			
Adjustment to tax in respect of prior years		–	*(2.4)*
Expenses not deductible for tax purposes		0.3	*1.0*
Adjustment in respect of foreign tax rates		2.5	*3.1*
Additional tax arising on dividends from overseas companies		0.5	*1.0*
Other income not charged to tax		(0.6)	*(0.5)*
Increase in tax losses carried forward		6.0	*1.5*
Movement in other timing differences		(0.4)	*0.1*
Total tax charge for the year		8.6	*7.2*

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

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

In 2019, adjustment to tax in respect of prior years includes a credit of £2.3 million relating to a reversal of the provision previously carried relating to assessments raised by the Malawi Revenue Authority which are no longer required.

In 2019, included within the tax charge is a provision amounting to £0.9 million relating to withholding tax on prior year branch profit remittances from Bangladesh where the applicable rate of withholding tax is being contested.

In 2019, also included within the tax charge is a credit to deferred tax of £1.3 million relating to the recognition of workers profit participation liabilities in Bangladesh.

The tax charge includes a credit of £0.7 million (2019: £0.9 million) relating to the recognition of deferred tax losses able to be utilised to offset gains in value of financial assets at fair value through other comprehensive income where the related equal and opposite charge arises in the Statement of Comprehensive Income.

10 Profit for the year

	2020	*2019*
	£'m	*£'m*

	2020	2019
The profit of the Company was:	4.5	*4.2*

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

11 Equity dividends

	2020 £'m	*2019* *£'m*
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2019 of nil (2018: 102p) per share	–	*2.8*
Interim dividend for the year ended 31 December 2020 of nil (2019: 42p) per share	–	*1.2*
Special interim dividend for the year ended 31 December 2020 of 102p (2019: nil) per share	2.8	*–*
	2.8	*4.0*

Dividends amounting to £0.1 million (2019: £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 2020 of 144p (2019: nil) per share	4.1	*–*

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

12 Earnings /(loss) per share (EPS)

Basic and diluted EPS	Earnings/ (loss) £'m	2020 Weighted average number of shares Number	EPS Pence	*Earnings/ (loss) £'m*	*2019 Weighted average number of shares Number*	*EPS Pence*
Attributable to ordinary shareholders	(5.0)	2,762,000	(181.0)	*8.3*	*2,762,000*	*300.5*

Basic and diluted earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding those held by the Group as treasury shares (note 36).

13 Employees

	2020 Number	*2019* *Number*
Average number of employees by activity:		
Agriculture	75,522	*77,564*
Engineering	223	*257*
Food Service	282	*313*
Central Management	33	*31*
	76,060	*78,165*

	2020 £'m	*2019* *£'m*
Employment costs:		
Wages and salaries	97.1	*103.7*
Social security costs	2.4	*2.6*
Employee benefit obligations (note 35) – UK	1.8	*1.7*
– Overseas	6.8	*6.4*

	2020	*2019*
– Overseas workers profit participation	–	*3.6*
	108.1	*118.0*

Total remuneration paid to key employees who are members of the Executive Committees, excluding Directors of Camellia Plc, amounted to £2.5 million (2019: £2.6 million).

14 Emoluments of the directors

	2020 £'m	*2019 £'m*
Aggregate emoluments excluding pension contributions	2.0	*2.1*

Emoluments of the highest paid director excluding pension contributions were £0.7 million (2019: £0.6 million).

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

15 Intangible assets

Group	Goodwill £'m	Brands £'m	Computer software £'m	Total £'m
Cost				
At 1 January 2019	–	8.9	2.2	11.1
Exchange differences	–	(0.1)	–	(0.1)
Additions	–	–	0.1	0.1
Disposals	–	–	–	–
Businesses joining the group	1.4	–	–	1.4
At 1 January 2020	1.4	8.8	2.3	12.5
Exchange differences	(0.1)	(0.1)	–	(0.2)
Additions	–	–	0.3	0.3
At 31 December 2020	1.3	8.7	2.6	12.6
Amortisation				
At 1 January 2019	–	–	1.6	1.6
Charge for the year	–	–	0.3	0.3
Impairment	0.3	–	–	0.3
At 1 January 2020	0.3	–	1.9	2.2
Charge for the year	–	–	0.3	0.3
Impairment provision	–	3.5	–	3.5
At 31 December 2020	0.3	3.5	2.2	6.0
Net book value at 31 December 2020	1.0	5.2	0.4	6.6
Net book value at 31 December 2019	1.1	8.8	0.4	10.3

The Group's impairment test in respect of goodwill is performed as at 31 December each year. In line with the accounting policy, impairment testing is also performed whenever there is an indication that the assets may be impaired. There was no indication of impairment in the year to 31 December 2020 (2019: £0.3 million). For the purpose of this impairment testing, the Group's cash-generating unit (CGU) components represent the goodwill on the acquisition of tea estates in India by Goodricke Group Limited and Amgoorie India Limited.

The Group's impairment test in respect of brands allocated to each component of the CGU is performed as at 31 December each year. In line with the accounting policy, impairment testing is also performed whenever there is an indication that the assets may be impaired. As a result of this testing, an impairment of £3.5 million was made in the year to 31 December 2020 (2019: £nil). The carrying amount of this asset is now £3.2 million. For the purpose of this impairment testing, the Group's CGU components represent the brands owned by Jing Tea Limited and Goodricke Group Limited.

Sensitivity analysis

The fair value of the brand owned by Jing Tea was calculated using the Royalty Forgiven methodology. The key assumptions and sensitivities are set out below:

		Change in assumption	
	Assumption	*Impact on impairment*	
		+ 1%	- 1%
		£'m	£'m
Royalty rate	4.30%	(0.7)	0.7
Discount rate	10.07%	0.2	(0.2)

If forecasted revenues were to change by +/- 1 per cent. in every year it would have the effect of a decrease/increase in the impairment of £0.2 million. If the post-pandemic recovery were to take one year longer than forecasted, it would increase the impairment by £0.3 million.

16 Property, plant and equipment

Group	Bearer plants £'m	Land and buildings £'m	Plant and machinery £'m	Fixtures, fittings and equipment £'m	Total £'m
Deemed cost					
At 1 January 2019	142.1	107.8	112.6	17.7	380.2
Reclassification to right-of-use assets	–	(2.0)	(0.1)	–	(2.1)
Exchange differences	(6.7)	(3.1)	(3.8)	(0.4)	(14.0)
Additions	4.4	5.8	6.6	1.6	18.4
Disposals	(1.1)	(1.1)	(2.6)	(0.1)	(4.9)
Businesses joining the group	2.6	1.6	1.4	0.1	5.7
At 1 January 2020	141.3	109.0	114.1	18.9	383.3
Exchange differences	(8.5)	(4.6)	(5.7)	(0.7)	(19.5)
Additions	3.7	4.0	4.3	1.5	13.5
Disposals	(5.7)	(1.1)	(6.8)	(0.6)	(14.2)
Reclassification to investment properties	–	(0.1)	–	–	(0.1)
At 31 December 2020	130.8	107.2	105.9	19.1	363.0
Depreciation					
At 1 January 2019	23.0	51.7	70.9	8.3	153.9
Reclassification to right-of-use assets	–	(0.2)	–	–	(0.2)
Exchange differences	(1.2)	(1.2)	(2.3)	(0.3)	(5.0)
Charge for the year	5.8	2.7	6.5	0.8	15.8
Disposals	(0.9)	(0.7)	(2.0)	(0.1)	(3.7)
At 1 January 2020	26.7	52.3	73.1	8.7	160.8
Exchange differences	(2.0)	(1.7)	(3.5)	(0.4)	(7.6)
Charge for the year	5.3	2.5	6.4	1.0	15.2
Disposals	(1.4)	(0.2)	(4.7)	(0.2)	(6.5)
Impairment provision	–	–	1.6	1.2	2.8
At 31 December 2020	28.6	52.9	72.9	10.3	164.7
Net book value at 31 December 2020	102.2	54.3	33.0	8.8	198.3
Net book value at 31 December 2019	114.6	56.7	41.0	10.2	222.5

The plant and machinery impairment provision of £1.6 million relates to Abbey Metal Finishing and its subsidiary company Atfin and has arisen due to the impact of COVID-19 on the aerospace industry. Details of the other impairments are set out in note 7.

The amount of expenditure for property, plant and equipment in the course of construction (including immature bearer plants) amounted to £4.7 million (2019: £5.5 million).

Sensitivity analysis

The carrying amount of the property, plant and equipment owned by Abbey Metal Finishing was calculated using the value-in-use methodology. The key assumptions and sensitivities are set out below:

	Assumption	*Change in assumption Impact on impairment*	
		+ 1%	- 1%
		£'m	£'m
Discount rate	10.54%	0.5	(0.6)

If projected revenues in each year were to increase by 1 per cent. it would decrease the impairment by £0.4 million. If forecasted revenues were to decrease by 1 per cent. the impairment would increase by £0.1 million.

17 Right-of-use assets

	Land and buildings £'m	Plant and machinery £'m	Total £'m
Group			
Deemed cost			
Impact on adopting IFRS 16 at 1 January 2019	11.5	0.3	11.8
Reclassification from property, plant and equipment	2.0	0.1	2.1
Reclassification from prepaid operating leases	1.0	–	1.0
Exchange differences	(0.2)	–	(0.2)
Additions	1.0	0.2	1.2
Businesses joining the group	3.7	–	3.7
At 1 January 2020	19.0	0.6	19.6
Exchange differences	(0.5)	–	(0.5)
Additions	0.4	0.1	0.5
Disposals	(1.0)	(0.1)	(1.1)
At 31 December 2020	17.9	0.6	18.5
Depreciation			
Reclassification from property, plant and equipment	0.2	–	0.2
Charge for the year	0.7	0.2	0.9
At 1 January 2020	0.9	0.2	1.1
Exchange differences	(0.1)	–	(0.1)
Charge for the year	0.8	0.2	1.0
Disposals	(0.1)	–	(0.1)
At 31 December 2020	1.5	0.4	1.9
Net book value at 31 December 2020	16.4	0.2	16.6
Net book value at 31 December 2019	18.1	0.4	18.5

The Group leases many assets including land, buildings and plant. The average lease term is 99 years (2019: 87 years).

Leases that expired in the year and were replaced by new leases for identical or the same underlying assets resulted in additions to right-of-use assets of £0.1 million (2019: £0.2 million).

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

	2020 £'m	*2019 £'m*
Amounts recognised in the consolidated income statement:		
Interest expense on lease liabilities	0.7	*0.7*
Expense relating to short-term leases	0.1	*0.1*

18 Investment properties

	£'m
Group	

Cost	
At 1 January 2019	19.8
Impact on adopting IFRS 16 at 1 January 2019	0.7
Additions	0.5
Disposals	(1.5)
At 1 January 2020	19.5
Additions	0.9
Reclassification from property, plant and equipment	0.1
At 31 December 2020	20.5
Depreciation	
At 1 January 2019	1.8
Charge for the year	0.1
Disposals	(0.7)
At 1 January 2020	1.2
Charge for the year	–
Impairment provision	0.2
At 31 December 2020	1.4
Net book value at 31 December 2020	19.1
Net book value at 31 December 2019	18.3

Included in revenue is £1.1 million (2019: £0.9 million) of rental income generated from investment properties. Direct operating expenses relating to the investment property, the majority of which generated rental income in the period, amounted to £0.1 million (2019: £0.2 million).

At the end of the year the fair value of Investment properties was £23.9 million (2019: £23.1 million). Investment properties were valued by the Directors (fair value hierarchy Level 2).

19 Biological assets

Non-current:	Forestry £'m	Livestock £'m	Total £'m
Group			
At 1 January 2019	13.5	1.0	14.5
Exchange differences	(0.6)	–	(0.6)
Additions	0.2	–	0.2
Gains arising from changes in fair value less estimated point-of-sale costs	1.0	0.4	1.4
Decreases due to harvesting	(0.6)	(0.3)	(0.9)
At 1 January 2020	13.5	1.1	14.6
Exchange differences	(1.4)	(0.1)	(1.5)
Additions	0.2	–	0.2
Gains arising from changes in fair value less estimated point-of-sale costs	0.1	0.3	0.4
Decreases due to harvesting	(0.7)	(0.3)	(1.0)
At 31 December 2020	11.7	1.0	12.7

Current:	2020 £'m	*2019 £'m*
Group		
Tea	0.4	*0.4*
Edible nuts	2.0	*3.6*
Citrus	–	*1.1*
Soya	2.9	*2.7*
Avocado	1.8	*1.1*
Other	–	*0.2*
	7.1	*9.1*

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

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

As at 31 December 2020 the area planted to Forestry amounted to 5,877 Hectares (2019: 5,813) from which 203,541 cubic metres (2019: 173,867) were harvested during the year.

Livestock numbers were 4,529 head (2019: 4,396) at 31 December 2020.

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 53.

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

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

Non-current:

– Forestry - a 10% movement in the market price for trees or volume of trees assumed would result in a £1.2 million (2019: £1.4 million) increase/decrease in the fair value of forestry.

Current:

– Macadamia - a 10% increase/decrease in the volumes assumed would result in a £0.9 million (2019: £0.6 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 (2019: £0.7 million) increase/decrease in the fair value.

– Avocados - a 10% increase/decrease in the volume or the price assumed would result in a £0.2 million (2019: £0.2 million) increase/decrease in the fair value of Hass avocados growing crop.

– Soya - a 10% increase/decrease in the volume or the price assumed would result in a £0.3 million (2019: £0.3 million) increase/decrease in the fair value of soya growing crop.

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

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

20 Prepaid operating leases

	£'m
Group	
Cost	

At 1 January 2019	1.0
Reclassification to right-of-use assets	(1.0)
At 1 January 2020 and 31 December 2020	–
Net book value at 31 December 2020	–
Net book value at 31 December 2019	–

21 Investments in subsidiaries

	2020 £'m	*2019 £'m*
Company		
Cost		
At 1 January and 31 December	73.5	*73.5*

22 Investments in associates

	2020 £'m	*2019 £'m*
Group		
At 1 January	92.9	*93.6*
Exchange differences	(3.0)	*(3.8)*
Share of profit (note 5)	6.1	*4.6*
Dividends	(3.2)	*(3.1)*
Additions	0.3	*1.3*
Other equity movements	0.6	*0.3*
At 31 December	93.7	*92.9*
Provision for diminution in value		
At 1 January	26.9	*27.9*
Exchange differences	(0.8)	*(1.0)*
At 31 December	26.1	*26.9*
Net book value at 31 December	67.6	*66.0*

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

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

	Country of incorporation	Assets £'m	Liabilities £'m	Revenues £'m	Profit £'m	Interest held %	Market value £'m
2020							
Listed							
BF&M	Bermuda	630.2	(549.0)	68.1	5.2	37.6	49.7
United Finance Limited	Bangladesh	70.7	(60.8)	2.8	0.7	38.4	11.0
United Insurance Company Limited	Bangladesh	4.0	(1.4)	0.4	0.2	37.0	7.8
		704.9	(611.2)	71.3	6.1		68.5
2019							
Listed							
BF&M	Bermuda	*779.1*	*(698.9)*	*74.3*	*3.6*	*37.8*	*52.3*
United Finance Limited	Bangladesh	*73.4*	*(63.3)*	*3.4*	*0.8*	*38.4*	*11.1*
United Insurance Company Limited	Bangladesh	*3.7*	*(1.1)*	*0.4*	*0.2*	*37.0*	*8.6*
		856.2	*(763.3)*	*78.1*	*4.6*		*72.0*

23 Financial assets at fair value through other comprehensive income

	Group	Company

	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*
Cost or fair value				
At 1 January	40.0	*35.2*	0.2	*0.2*
Exchange differences	(1.5)	*(1.5)*	–	–
Fair value adjustment	2.3	*6.9*	–	–
Additions	6.5	*0.8*	–	–
Disposals	(2.4)	*(1.1)*	–	–
Fair value adjustment for disposal	(1.1)	*(0.3)*	–	–
At 31 December	43.8	*40.0*	0.2	*0.2*
Provision for diminution in value				
At 1 January	2.2	*2.5*	0.2	*0.2*
Exchange differences	–	*(0.1)*	–	–
Disposals	(1.0)	*(0.2)*	–	–
At 31 December	1.2	*2.2*	0.2	*0.2*
Net book value at 31 December	42.6	*37.8*	–	–

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

	Group 2020 £'m	*2019 £'m*
Listed securities:		
Equity securities – Bermuda	0.8	*2.0*
Equity securities – Japan	19.1	*18.8*
Equity securities – Switzerland	12.7	*11.3*
Equity securities – US	4.0	*3.9*
Equity securities – India	0.7	*0.6*
Equity securities – Europe	0.1	*0.4*
Equity securities – United Kingdom	4.7	*0.3*
Equity securities – Other	0.5	*0.5*
	42.6	*37.8*

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

	Group 2020 £'m	*2019 £'m*
Sterling	4.7	*0.3*
US Dollar	4.0	*3.9*
Euro	0.1	*0.4*
Swiss Franc	12.7	*11.3*
Indian Rupee	0.7	*0.6*
Bermudian Dollar	0.8	*2.0*
Japanese Yen	19.1	*18.8*
Other	0.5	*0.5*
	42.6	*37.8*

24 Financial assets at fair value through profit or loss

	Group 2020 £'m	*2019 £'m*
At 1 January	6.2	*3.7*
Exchange differences	(0.2)	*(0.3)*
Fair value adjustment	0.1	–
Additions	5.9	*10.6*

Disposals	(6.7)	*(7.8)*
At 31 December	5.3	*6.2*

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

	Group	
	2020	*2019*
	£'m	*£'m*
Listed securities:		
Money market – Bermuda	1.6	*0.8*
Money market – US	–	*3.9*
Money market – India	3.6	*1.4*
Money market – Switzerland	0.1	*0.1*
	5.3	*6.2*

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

	Group	
	2020	*2019*
	£'m	*£'m*
US Dollar	1.7	*4.8*
Indian Rupee	3.6	*1.4*
	5.3	*6.2*

25 Financial assets at amortised cost

	Group	
	2020	*2019*
	£'m	*£'m*
At 1 January	3.0	*3.2*
Exchange differences	(0.3)	–
Disposals	–	*(0.2)*
At 31 December	2.7	*3.0*

Financial assets at amortised cost comprises:

	2020	*2019*
	£'m	*£'m*
Treasury infrastructure bonds – 12.0% to 12.2% interest payable twice yearly and redeemable in November 2022 – Kenya	1.4	*1.5*
Treasury infrastructure bonds – 12.0% to 12.2% interest payable twice yearly and redeemable in November 2024 – Kenya	1.3	*1.5*
	2.7	*3.0*
Non-Current	2.7	*3.0*
	2.7	*3.0*

26 Other investments – heritage assets

	Group		Company	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Cost				
At 1 January	9.8	*9.5*	11.0	*10.7*
Additions	–	*0.3*	–	*0.3*
At 31 December	9.8	*9.8*	11.0	*11.0*

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

27 Inventories

	2020 £'m	*2019 £'m*
Group		
Made Tea	28.3	*28.6*
Other agricultural produce	4.7	*5.9*
Work in progress	0.1	*0.1*
Trading stocks	0.5	*1.5*
Raw materials and consumables	13.9	*13.2*
	47.5	*49.3*

Made tea inventories include the fair value of green leaf which includes a fair value uplift of £0.1 million (2019: £0.1 million).

28 Trade and other receivables

	Group		Company	
	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*
Group				
Current:				
Trade receivables	31.3	*30.0*	–	–
Amounts owed by associated undertakings	0.1	*0.1*	–	–
Other receivables	5.4	*5.8*	0.6	–
Prepayments and accrued income	6.9	*8.4*	–	–
	43.7	*44.3*	0.6	–
Non-current:				
Other receivables	2.4	*2.8*	–	–
	2.4	*2.8*	–	–

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

	2020 £'m	*2019 £'m*	2020 £'m	*2019 £'m*
Current:				
Sterling	11.6	*13.4*	0.6	–
US Dollar	4.8	*2.8*	–	–
Euro	0.3	*0.1*	–	–
Kenyan Shilling	2.3	*3.1*	–	–
Indian Rupee	19.7	*18.9*	–	–
Malawian Kwacha	1.5	*2.1*	–	–
Bangladesh Taka	2.0	*1.6*	–	–
South African Rand	0.2	*0.2*	–	–
Brazilian Real	0.7	*1.4*	–	–
Other	0.6	*0.7*	–	–
	43.7	*44.3*	0.6	–
Non-current:				
Kenyan Shilling	0.5	*0.5*		
Indian Rupee	1.2	*1.4*		
Malawian Kwacha	0.4	*0.6*		
Bangladesh Taka	0.3	*0.3*		
	2.4	*2.8*		

Included within trade receivables is a provision for doubtful debts of £0.6 million (2019: £0.5 million). All other trade receivables are with normal trading partners and there is no history of defaults.

Trade receivables include receivables of £5.1 million (2019: £6.4 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:

	2020	*2019*
	£'m	*£'m*
Up to 30 days	2.2	*2.7*
30-60 days	0.6	*1.5*
60-90 days	0.7	*0.5*
Over 90 days	1.6	*1.7*
	5.1	*6.4*

29 Cash and cash equivalents (excluding bank overdrafts)

	Group	
	2020	*2019*
	£'m	*£'m*
Cash at bank and in hand	57.8	*31.1*
Short-term bank deposits	39.6	*59.5*
Short-term liquid investments	1.1	*0.8*
	98.5	*91.4*

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

	2020	*2019*
	£'m	*£'m*
Cash and cash equivalents	98.5	*91.4*
Bank overdrafts (note 31)	(3.6)	*(2.0)*
	94.9	*89.4*

	2020	*2019*
Effective interest rate:		
Short-term deposits	0.01 – 9.00%	*0.85 – 12.00%*
Short-term liquid investments	2.50 – 7.00%	*5.00%*
Average maturity period:		
Short-term deposits	73 days	*53 days*
Short-term liquid investments	31 days	*24 days*

30 Trade and other payables

	Group		Company	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Current:				
Trade payables	22.4	*20.6*	0.1	–
Other taxation and social security	1.1	*0.9*	–	–
Other payables	20.2	*20.5*	0.1	*0.2*

Accruals and deferred income	7.2	*6.6*	0.6	*0.4*
	50.9	*48.6*	0.8	*0.6*

Included in other taxation and social security is £0.7 million (2019: £nil) of VAT payable by the UK operations which was deferred from Q1 2020 as part of the UK Government deferral scheme in relation to COVID, of which £0.2 million was repaid by April 2021 and £0.5 million will be repaid using the deferral payment scheme during 2021.

31 Financial liabilities – borrowings

	2020 £'m	*2019 £'m*
Group		
Current:		
Bank overdrafts	3.6	*2.0*
Bank loans	2.1	*3.6*
	5.7	*5.6*
Current borrowings include the following amounts secured on property, plant and equipment and investment properties:		
Bank overdrafts	2.0	*2.0*
Bank loans	2.1	*3.6*
	4.1	*5.6*
Non-current:		
Bank loans	2.7	*3.3*
Non-current borrowings include the following amounts secured on plant and equipment and investment properties:		
Bank loans	2.7	*3.3*
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	5.7	*5.6*
Between 1 – 2 years	0.4	*0.4*
Between 2 – 5 years	1.2	*1.3*
After 5 years	1.1	*1.6*
	8.4	*8.9*

The rates of interest payable by the Group ranged between:

	2020 %	*2019 %*
Bank overdrafts	1.60 – 17.50	*2.50 – 18.50*
Bank loans	3.03 – 8.50	*3.03 – 9.10*

32 Lease liabilities

	2020 £'m	*2019 £'m*
Group		
Maturity analysis of lease liabilities is as follows:		
Within one year	1.2	*1.2*

Between 1 – 2 years	1.1	*1.2*
Between 2 – 5 years	2.3	*2.1*
Onwards	6.9	*8.5*
	11.5	*13.0*
Analysed as:		
Current	1.2	*1.2*
Non-current	10.3	*11.8*
	11.5	*13.0*

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

33 Provisions

	Wages and salaries £'m	Legal claims £'m	Others £'m	Total £'m
Group				
At 1 January 2019	17.4	–	1.1	18.5
Exchange differences	(0.5)	–	–	(0.5)
Utilised in the period	(6.3)	–	(0.1)	(6.4)
Provided in the period	6.8	–	0.3	7.1
Businesses joining the group	0.1	–	–	0.1
Unused amounts reversed in period	(9.8)	–	(0.1)	(9.9)
At 1 January 2020	7.7	–	1.2	8.9
Exchange differences	(0.5)	–	–	(0.5)
Utilised in the period	(7.3)		(0.3)	(7.6)
Provided in the period	10.5	8.2	0.2	18.9
Unused amounts reversed in period	(0.7)	–	–	(0.7)
At 31 December 2020	9.7	8.2	1.1	19.0
Current:				
At 31 December 2020	9.7	8.2	1.1	19.0
At 31 December 2019	*7.7*	–	*1.2*	*8.9*

The wages and salaries provisions are in respect of ongoing wage and bonus negotiations in India, Kenya and Bangladesh, the majority of which are expected to be utilised during 2021.

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

Others relate to provisions for claims and dilapidations.

	Legal claims £'m	Total £'m
Company		
At 1 January 2020	–	–
Provided in the period	1.9	1.9
At 31 December 2020	1.9	1.9
Current:		
At 31 December 2020	1.9	1.9
At 31 December 2019	–	–

Legal claims relate to the defense of the litigation concerning our East African operations.

34 Deferred tax

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

	Group		Company	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
At 1 January	47.1	*46.3*	0.2	*0.2*
Exchange differences	(3.1)	*(2.3)*	–	–
(Credited)/charged to the income statement	(4.6)	*0.9*	–	–
Charged to other comprehensive income	0.1	*1.4*	–	–
Businesses joining the group	–	*0.8*	–	
At 31 December	39.5	*47.1*	0.2	*0.2*

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

Deferred tax liabilities

	Accelerated tax depreciation	Other	Total
	£'m	£'m	£'m
At 1 January 2019	51.0	3.8	54.8
Exchange differences	(2.4)	(0.1)	(2.5)
Charged/(credited) to the income statement	1.9	(0.3)	1.6
Charged to other comprehensive income	–	0.9	0.9
Businesses joining the group	0.8	–	0.8
At 1 January 2020	51.3	4.3	55.6
Exchange differences	(3.6)	0.1	(3.5)
Credited to the income statement	(3.4)	(0.7)	(4.1)
Charged to other comprehensive income	–	0.7	0.7
At 31 December 2020	44.3	4.4	48.7
Deferred tax assets offset			(9.2)
Net deferred tax liability after offset			39.5

Deferred tax assets

	Tax losses	Pension scheme asset	Other	Total
	£'m	£'m	£'m	£'m
At 1 January 2019	3.0	0.3	5.2	8.5
Exchange differences	–	–	(0.2)	(0.2)
Credited/(charged) to the income statement	1.5	0.2	(1.0)	0.7
Charged to other comprehensive income	–	(0.2)	(0.3)	(0.5)
At 1 January 2020	4.5	0.3	3.7	8.5
Exchange differences	–	(0.1)	(0.3)	(0.4)
Credited/(charged) to the income statement	0.3	(0.4)	0.6	0.5
Credited to other comprehensive income	–	0.6	–	0.6
At 31 December 2020	4.8	0.4	4.0	9.2
Offset against deferred tax liabilities				(9.2)

Net deferred tax asset after offset	–

Deferred tax liabilities of £25.5 million (2019: £24.9 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 £15.5 million (2019: £11.7 million) in respect of losses that can be carried forward against future taxable income.

35 Employee benefit obligations

(i) Pensions

Certain Group subsidiaries operate defined contribution and funded defined benefit pension schemes. The most significant is the UK funded, defined benefit scheme. The assets of this scheme are administered by trustees and are kept separate from those of the Group. The performance of the assets is monitored on a regular basis by the trustees and their investment advisors. A full actuarial valuation was undertaken as at 1 July 2017 and updated to 31 December 2020 by a qualified independent actuary. The UK defined benefit pension scheme is closed to new entrants and with effect from 1 November 2016, the scheme was closed to future accruals. Since that date members have participated in a defined contribution scheme.

The overseas schemes are operated in Group subsidiaries located in Bangladesh and India. Actuarial valuations for these schemes have been updated to 31 December 2020 by qualified actuaries.

Assumptions

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

	2020 % per annum	*2019* *% per annum*
UK schemes		
Rate of increase in salaries	N/a	*N/a*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.05 – 5.00	*2.10 – 5.00*
Discount rate applied to scheme liabilities	1.25	*1.90*
Inflation assumption (CPI/RPI)	2.05/2.75	*2.10/3.10*

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are SAPS 3, males 113%/106% and females 112%/108%, on a year of birth basis, with CMI_2018 future improvement factors and subject to a long term annual rate of future improvement of 1.25% per annum, smoothing parameter of 7.0 and initial addition parameter of 0.25% pa. This results in males and females aged 65 having life expectancies of 21.6 years (2019: 21.4 years) and 22.5 years respectively (2019: 22.7 years).

	2020	*2019*
Overseas schemes	% per annum	*% per annum*
Rate of increase in salaries	3.00 – 6.00	*6.00 – 7.00*
Rate of increase to LPI (Limited Price Indexation) pensions in payment	0.00 – 3.00	*0.00 – 3.00*
Discount rate applied to scheme liabilities	5.80 – 6.25	*7.00 – 9.00*
Inflation assumption	3.00 – 6.00	*6.00 – 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:

	2020	*2019*
	% per annum	*% per annum*
Rate of increase in salaries	3.00 – 20.00	*6.00 – 7.50*
Discount rate applied to scheme liabilities	5.80 – 13.30	*7.00 – 13.00*
Inflation assumptions	0.00 – 6.00	*0.00 – 7.50*

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

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

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

	Change in assumption	Impact on defined benefit obligation
Discount rate	0.5% higher	6.4% decrease
Discount rate	0.5% lower	6.8% increase
Rate of RPI inflation	0.25% higher	1.6% increase
Rate of RPI inflation	0.25% lower	1.5% decrease
Life expectancy	+1 year	4.5% increase
Life expectancy	-1 year	4.5% decrease

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

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

Analysis of scheme liabilities
The liabilities of the UK scheme are split as follows:

	%
Deferred pensioners	48
Current pensioners	52
Total membership	100

(v) Actuarial valuations

	2020			*2019*		
	UK	Overseas	Total	*UK*	*Overseas*	*Total*
	£'m	£'m	£'m	*£'m*	*£'m*	*£'m*
Equities and property	57.0	1.9	58.9	*87.8*	*0.9*	*88.7*

Bonds	74.4	23.0	97.4	50.8	18.8	69.6
Diversified growth	42.9	–	42.9	39.9	–	39.9
Cash	21.7	15.2	36.9	1.2	9.1	10.3
Total fair value of plan assets	196.0	40.1	236.1	179.7	28.8	208.5
Present value of defined benefit obligations	(203.0)	(49.7)	(252.7)	(193.3)	(37.2)	(230.5)
Total deficit in the schemes	(7.0)	(9.6)	(16.6)	(13.6)	(8.4)	(22.0)
Amount recognised as asset in the balance sheet	–	0.1	0.1	–	0.7	0.7
Amount recognised as current liability in the balance sheet	–	(1.1)	(1.1)	–	(0.7)	(0.7)
Amount recognised as non-current liability in the balance sheet	(7.0)	(8.6)	(15.6)	(13.6)	(8.4)	(22.0)
	(7.0)	(9.6)	(16.6)	(13.6)	(8.4)	(22.0)
Related deferred tax asset (note 34)	–	0.4	0.4	–	0.3	0.3
Net deficit	(7.0)	(9.2)	(16.2)	(13.6)	(8.1)	(21.7)

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

	2020			2019		
	UK	Overseas	Total	UK	Overseas	Total
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	179.7	28.8	208.5	162.1	28.5	190.6
Reclassified from creditors*	–	6.9	6.9	–	–	–
Expected return on plan assets	3.3	3.0	6.3	4.3	2.1	6.4
Employer contributions	–	3.1	3.1	–	2.0	2.0
Contributions paid by plan participants	–	0.3	0.3	–	–	–
Benefit payments	(8.7)	(2.7)	(11.4)	(9.5)	(2.4)	(11.9)
Businesses joining the group	–	–	–	–	0.7	0.7
Other adjustment	–	0.4	0.4	–	–	–
Actuarial gains/(losses)	21.7	2.3	24.0	22.8	(0.4)	22.4
Exchange differences	–	(2.0)	(2.0)	–	(1.7)	(1.7)
At 31 December	196.0	40.1	236.1	179.7	28.8	208.5

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

	2020			2019		
	UK	Overseas	Total	UK	Overseas	Total
	£'m	£'m	£'m	£'m	£'m	£'m
At 1 January	(193.3)	(37.2)	(230.5)	(178.6)	(36.7)	(215.3)
Reclassified from creditors*	–	(7.0)	(7.0)	–	–	–
Current service cost	–	(2.1)	(2.1)	–	(1.6)	(1.6)
Past service cost	(0.1)	–	(0.1)	–	–	–
Interest cost	(3.6)	(3.4)	(7.0)	(4.8)	(2.7)	(7.5)
Contributions paid by plan participants	–	(0.3)	(0.3)	–	–	–
Benefit payments	8.7	2.7	11.4	9.5	2.4	11.9
Businesses joining the group	–	–	–	–	(1.2)	(1.2)

Actuarial (losses)/gains	(14.7)	(5.0)	(19.7)	*(19.4)*	*0.5*	*(18.9)*
Exchange differences	–	2.6	2.6	*–*	*2.1*	*2.1*
At 31 December	(203.0)	(49.7)	(252.7)	*(193.3)*	*(37.2)*	*(230.5)*

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

In 2018, the total fair value of plan assets was £190.6 million, the present value of defined benefit obligations was £215.3 million and the deficit was £24.7 million. In 2017, the total fair value of plan assets was £206.6 million, the present value of defined benefit obligations was £237.5 million and the deficit was £30.9 million and in 2016, the total fair value of plan assets was £194.1 million, the present value of defined benefit obligations was £260.8 million and the deficit was £66.7 million.

Income Statement
The amounts recognised in the Income Statement are as follows:

	2020			*2019*		
	UK	Overseas	Total	*UK*	*Overseas*	*Total*
	£'m	£'m	£'m	*£'m*	*£'m*	*£'m*
Amounts (charged)/credited to operating profit:						
Current service cost	–	(2.1)	(2.1)	*–*	*(1.6)*	*(1.6)*
Past service cost	(0.1)	–	(0.1)	*–*	*–*	*–*
Total operating (charge)/credit	(0.1)	(2.1)	(2.2)	*–*	*(1.6)*	*(1.6)*
Amounts charged to other finance costs:						
Interest expense	(0.3)	(0.4)	(0.7)	*(0.5)*	*(0.6)*	*(1.1)*
Total (charged)/credited to income statement	(0.4)	(2.5)	(2.9)	*(0.5)*	*(2.2)*	*(2.7)*

Employer contributions to defined contribution schemes are charged to profit when payable and the costs charged were £6.4 million (2019: £6.5 million).

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

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

	2020			*2019*		
	UK	Overseas	Total	*UK*	*Overseas*	*Total*
	£'m	£'m	£'m	*£'m*	*£'m*	*£'m*
Remeasurements:						
Return on plan assets, excluding amount included in interest	21.7	2.3	24.0	*22.8*	*(0.4)*	*22.4*
Gain from changes in demographic assumptions	(0.7)	–	(0.7)	*2.2*	*–*	*2.2*
(Loss)/gain from changes in financial assumptions	(14.0)	(6.1)	(20.1)	*(21.6)*	*0.4*	*(21.2)*
Experience gains	–	1.1	1.1	*–*	*0.1*	*0.1*
Actuarial gain/(loss)	7.0	(2.7)	4.3	*3.4*	*0.1*	*3.5*

Cumulative actuarial losses recognised in the Statement of Comprehensive Income are £17.9 million (2019: £22.2 million).

As the UK defined benefit pension scheme is closed to future accrual and active members were transferred to a defined contribution scheme, no employer contributions will be paid for the year commencing 1 January 2021. No additional funding contributions will be made, as the latest actuarial valuation shows a funding surplus.

36 Share capital

	2020 £'m	*2019 £'m*
Authorised: 2,842,000 (2019: 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 (2019: 2,824,500) shares	0.3	*0.3*

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

37 Reconciliation of profit from operations to cash flow

	2020 £'m	*2019 £'m*
Group		
Profit from operations	5.0	*21.3*
Share of associates' results	(6.1)	*(4.6)*
Depreciation and amortisation	15.5	*16.2*
Depreciation of right-of-use assets	1.0	*0.9*
Impairment of assets and provisions	6.5	*0.3*
Realised movements on biological assets - non-current	(0.4)	*(1.4)*
Financial assets fair value through profit or loss - gain	(0.1)	–
Loss/(profit) on disposal of non-current assets	0.1	*(0.5)*
Profit on disposal - non recurring items	(14.4)	–
Profit on disposal of financial assets	(0.2)	*(0.2)*
Movement in provisions	10.8	*(9.0)*
Decrease/(increase) in working capital	6.3	*(5.1)*
Difference between employee benefit obligations funding contributions and cost charged	(4.7)	*3.3*
Cash generated from operations	19.3	*21.2*

38 Changes in liabilities arising from financing activities

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

	Bank loans Current £'m	Bank loans Non-current £'m	Finance leases Current £'m	Finance leases Non-current £'m	Total £'m
At 1 January 2019	0.6	3.3	–	0.1	4.0
On adoption of IFRS 16	–	–	1.3	10.9	12.2
Exchange differences	–	–	–	(0.1)	(0.1)
New loans	0.3	3.3	–	–	3.6
New finance leases	–	–	0.1	1.1	1.2

Loans repaid	(0.6)	–	–	–	(0.6)
Lease payments	–	–	(0.3)	(0.1)	(0.4)
Transfers	3.3	(3.3)	0.1	(0.1)	–
At 1 January 2020	3.6	3.3	1.2	11.8	19.9
Exchange differences	(0.3)	(0.1)	–	(0.2)	(0.6)
New loans	1.9	–	–	–	1.9
New finance leases	–	–	0.5	0.5	1.0
Loans repaid	(0.9)	(2.7)	–	–	(3.6)
Lease payments	–	–	(1.4)	–	(1.4)
Lease disposal	–	–	–	(0.9)	(0.9)
Transfers	(2.2)	2.2	0.9	(0.9)	–
At 31 December 2020	2.1	2.7	1.2	10.3	16.3

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

Other changes include interest accruals and prepayments.

39 Acquisition of businesses

	2019
	£'m
Fair value of assets and liabilities	
Property, plant and equipment	*5.7*
Right of use asset	*3.7*
Inventories	*0.1*
Trade and other receivables	*0.1*
Trade and other payables	*(0.3)*
Employee benefit obligations	*(0.5)*
Deferred tax liability	*(0.8)*
	8.0
Identifiable intangible assets - Goodwill	*1.4*
	9.4
Satisfied by:	
Cash consideration and costs	*9.4*
Net cash outflow arising on acquisitions	
Cash consideration	*(9.4)*

The acquisitions in 2019 related to tea estates in India which were purchased by our Indian subsidiaries for cash, funded in part by local borrowings.

40 Commitments

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

	2020	*2019*
	£'m	*£'m*
Group		
Property, plant and equipment	0.8	*3.4*

41 Contingencies

In Malawi the Revenue Authority (MRA) recently indicated that it intended to collect VAT on sales made at auction and under private treaty for export, in the period since 2017. Tea sales intended for the export market were subject to an industry wide agreement with the MRA and the Reserve Bank of Malawi reached at the time the auction was established, resulting in these deemed exports being zero rated for VAT. The MRA has raised an assessment for VAT against Eastern Produce Malawi in connection with this which has been appealed in light of the historic agreement and long-established custom and practice of the industry. Following discussions between the Malawi government, the MRA and the entire tea industry, the MRA has undertaken to investigate the sales process for export teas and to consider the implications of this on the VAT treatment of these deemed export sales. Pending conclusion of the review, the MRA has given permission for the auction to continue with teas deemed as export zero rated for VAT and the assessment raised against Eastern Produce Malawi has been suspended. Eastern Produce Malawi's estimated contingent liability for VAT on these deemed export sales, excluding any penalties and interest, is approximately £7.8 million.

In India, assessments have been received for excise duties of £3.5 million, sales and entry tax of £0.9 million and of £1.1 million for income tax matters. These are being contested on the basis that they are without technical merit.

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

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

42 Financial instruments

Capital risk management

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

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

The ratio at the year end is as follows:

	2020	*2019*
	£'m	*£'m*
Borrowings	8.4	*8.9*
Lease liabilities	11.5	*13.0*
Debt	19.9	*21.9*
Tangible net assets	370.0	*385.4*
Ratio	5.38%	*5.68%*

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

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

Debt as a percentage of tangible net assets has increased with the introduction of IFRS 16 Leases and recognition of previously off balance sheet operating leases.

Financial instruments by category

At 31 December 2020

	Loans and receivables	Financial assets	Total
	£'m	£'m	£'m
Group			

Assets as per Balance Sheet			
Financial assets at fair value through other comprehensive income	–	42.6	42.6
Financial asset at fair value through profit or loss	–	5.3	5.3
Financial assets at amortised cost - non-current	–	2.7	2.7
Trade and other receivables excluding prepayments	39.2	–	39.2
Cash and cash equivalents	98.5	–	98.5
	137.7	50.6	188.3

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

At 31 December 2019

	Loans and receivables	Available for sale	Total
	£'m	£'m	£'m
Group			
Assets as per Balance Sheet			
Financial assets at fair value through other comprehensive income	–	37.8	37.8
Financial asset at fair value through profit or loss	–	6.2	6.2
Financial assets at amortised cost - non-current	–	3.0	3.0
Trade and other receivables excluding prepayments	38.7	–	38.7
Cash and cash equivalents (excluding bank overdrafts)	91.4	–	91.4
	130.1	47.0	177.1

	Other financial liabilities at amortised cost	Total
	£'m	£'m
Group		
Liabilities as per Balance Sheet		
Borrowings	8.9	8.9
Leases liabilities	13.0	13.0
Trade and other payables	48.6	48.6
	70.5	70.5

Company		
Trade and other payables	0.6	0.6

Fair value estimation

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value. See note 19 for disclosures of biological assets that are measured at fair value.

At 31 December 2020

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

At 31 December 2019

	Level 1	Level 2	Level 3	Total
	£'m	£'m	£'m	£'m
Assets				
Available-for sale financial assets:				
- Equity securities	37.8	–	–	37.8
Debt investments:	6.2	–	–	6.2
- Debentures	3.0	–	–	3.0
	47.0	–	–	47.0

Financial risk management objectives

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

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

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

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

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

(A) Market risk

(i) *Foreign exchange risk*

The Group has a significant exposure to the US Dollar arising from a number of our operations having a significant trading exposure to the Dollar and as a consequence the Group holds significant US Dollar funds and Dollar denominated investments. If the exchange rate of the Dollar to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £2.0 million (2019: £1.6 million). In addition, the Group has significant Japanese and Swiss financial assets, if the exchange rates of the Japanese Yen and Swiss Franc to Sterling were to move by 5 per cent, the Group's carrying value would increase/decrease by £1.0 million (2019: £0.9 million) and £0.6 million (2019: £0.6 million) respectively.

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

(ii) *Price risk*

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

The majority of the Group's equity investments are publicly traded and are quoted on stock exchanges located in Bermuda, India, Japan, Switzerland, UK and US. Should these equity indexes increase or decrease by 5 per cent. with all other variables held constant and all the Group's equity instruments move accordingly, the Group's carrying value would increase/decrease by £2.1 million (2019: £1.9 million).

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

(iii) *Cash flow and interest rate risk*

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

At 31 December 2020, 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 (2019: £0.3 million) higher/lower.

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

	Assets		Liabilities	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Sterling	21.7	*22.2*	8.9	*13.3*
US Dollar	35.0	*24.6*	–	–
Euro	5.3	*0.4*	–	–
Kenyan Shilling	11.9	*16.9*	0.2	*0.3*
Indian Rupee	4.9	*4.2*	8.0	*7.0*
Malawian Kwacha	0.1	*0.1*	1.6	–
Bangladesh Taka	14.1	*15.0*	1.2	*1.2*
South African Rand	1.2	*2.2*	–	*0.1*
Brazilian Real	1.9	*1.3*	–	–
Bermudian Dollar	1.4	*3.4*	–	–
Tanzanian Shilling	1.0	*1.1*	–	–
	98.5	*91.4*	19.9	*21.9*

(B) Credit risk

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

The Group has a large number of trade receivables, the largest five receivables at the year end comprise 22 per cent. (2019: 22 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 2020, the Group had undrawn committed facilities of £23.7 million (2019: £24.1 million), all of which are due to be reviewed within one year.

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

	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 2020						
Assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	42.6	42.6
Financial asset at fair value through profit or loss	5.3	–	–	–	–	5.3
Financial assets at amortised cost	–	1.4	1.3	–	–	2.7
Trade and other receivables excluding prepayments	36.8	2.4	–	–	–	39.2
Cash and cash equivalents	98.5	–	–	–	–	98.5
	140.6	3.8	1.3	–	42.6	188.3
Liabilities						
Borrowings	5.7	0.4	1.2	1.1	–	8.4
Lease liabilities	1.2	1.1	2.3	6.9	–	11.5
Trade and other payables excluding taxation	49.8	–	–	–	–	49.8
	56.7	1.5	3.5	8.0	–	69.7
At 31 December 2019						
Assets						
Financial assets at fair value through other comprehensive income	–	–	–	–	37.8	37.8

Financial asset at fair value through profit or loss	6.2	–	–	–	–	6.2
Financial assets at amortised cost	–	–	3.0	–	–	3.0
Trade and other receivables excluding prepayments	35.9	2.8	–	–	–	38.7
Cash and cash equivalents	91.4	–	–	–	–	91.4
	133.5	2.8	3.0	–	37.8	177.1
Liabilities						
Borrowings	5.6	0.4	1.3	1.6	–	8.9
Lease liabilities	1.2	1.2	2.1	8.5	–	13.0
Trade and other payables excluding taxation	47.7	–	–	–	–	47.7
	54.5	1.6	3.4	10.1	–	69.6

Included in borrowings due in less than 1 year is £3.6 million (2019: £2.0 million) repayable on demand.

43 Subsidiary and associated undertakings

Subsidiary undertakings

The subsidiary undertakings of the Group at 31 December 2020, which are wholly owned and incorporated in Great Britain by ordinary share capital unless otherwise stated, were:

	Principal country of operation	*Registered Office*
Agriculture		
Amgoorie India Limited (Incorporated in India - 99.8 per cent. holding)	India	*(ii)*
Amo Tea Company Limited	Bangladesh	*(i)*
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil)	Brazil	*(vi)*
Chittagong Warehouse Limited (Incorporated in Bangladesh – 93.3 per cent. holding)	Bangladesh	*(vii)*
Duncan Brothers Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa	*(viii)*
Eastern Produce Estates South Africa (Pty) Limited (Incorporated in South Africa - held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(ix)*
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya	*(x)*
Eastern Produce Malawi Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi	*(xii)*
Eastern Produce Regional Services Limited (Incorporated in Kenya)	Kenya	*(x)*
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa	*(ix)*
Eastland Camellia Limited (Incorporated in Bangladesh – 93.8 per cent. holding)	Bangladesh	*(vii)*
EP(T) East Africa Limited (Incorporated in Tanzania)	Tanzania	*(xviii)*
Goodricke Group Limited (Incorporated in India – 74.0 per cent. holding)	India	*(iii)*
Goodricke Tech Limited (Incorporated in India - 99.8 per cent. holding)	India	*(iii)*
Horizon Farms (An United States of America general partnership – 80 per cent. holding)	USA	*(xiii)*
Kakuzi Plc (Incorporated in Kenya – 50.7 per cent. 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 per cent. holding)	India	*(v)*
Surmah Valley Tea Company Limited	Bangladesh	*(i)*
The Allynugger Tea Company Limited	Bangladesh	*(i)*
The Chandpore Tea Company Limited	Bangladesh	*(i)*
The Lungla (Sylhet) Tea Company Limited	Bangladesh	*(i)*
The Mazdehee Tea Company Limited	Bangladesh	*(i)*
Victoria Investments Limited (Incorporated in Malawi – 73.2 per cent. holding)	Malawi	*(xii)*
Zetmac (Pty) Limited (Incorporated in South Africa - 55.8 per cent. held by Eastern Produce Estates South Africa (Pty) Limited)	South Africa	*(ix)*
Engineering		
Abbey Metal Finishing Company Limited	UK	*(i)*
AJT Engineering Limited	UK	*(xiv)*
Atfin GmbH (Incorporated in Germany – 51.0 per cent. holding)	Germany	*(xv)*
Black Gold Oil Tools Limited	UK	*(xiv)*
Food Service		
Associated Cold Stores & Transport Limited	UK	*(i)*
Duncan Products Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Jing Tea Limited (82.5 per cent. holding)	UK	*(i)*
Investment Holding		
Associated Fisheries (Europe) Limited	UK	*(i)*
Assam Dooars Investments Limited	UK	*(i)*
Associated Fisheries Limited	UK	*(i)*
Borbam Limited (Incorporated in India – 99.8 per cent. holding)	India	*(iii)*
Bordure Limited	UK	*(i)*
Duncan Properties Limited (Incorporated in Bangladesh)	Bangladesh	*(vii)*
Eastern Produce Investments Limited	UK	*(i)*
Elgin Investments Limited (Incorporated in India – 99.8 per cent. holding)	India	*(iii)*
Endogram Limited	India	*(iii)*
EP USA Inc. (Incorporated in the United States of America)	USA	*(xiii)*
EP California Inc. (Incorporated in the United States of America)	USA	*(xiii)*
John Ingham & Sons Limited	UK	*(i)*
Koomber Properties Limited (Incorporated in India – 94.0 per cent. holding)	India	*(iii)*
Lawrie (Bermuda) Limited (Incorporated in Bermuda)	Bermuda	*(xvii)*
Lawrie Group Plc (Owned directly by the Company)	UK	*(i)*
Lawrie International Limited (Incorporated in Bermuda)	Bermuda	*(xvii)*
Lebong Investments Limited (Incorporated in India – 94.0 per cent. holding)	India	*(iii)*
Linton Park Plc (Owned directly by the Company)	UK	*(i)*
Lintak Investments Limited (Incorporated in Kenya)	Kenya	*(x)*
Longbourne Holdings Limited	UK	*(i)*
Plantation House Investments Limited (Incorporated in Malawi – 50.2 per cent. held by subsidiaries)	Malawi	*(xii)*
Unochrome Industries Limited	UK	*(i)*
Western Dooars Investments Limited	UK	*(i)*
Other		
Hobart Place Limited (formerly Duncan Lawrie Limited) (in liquidation)	UK	*(i)*
Hobart Place Holdings Limited (formerly Duncan Lawrie Holdings Limited)		

(in liquidation)	UK	*(i)*
Hobart Place Nominees Limited	UK	*(i)*
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)*
ACS&T Wolverhampton Limited	UK	*(i)*
AKD Engineering 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 (in liquidation)	UK	*(i)*
British Indian Tea Company Limited	UK	*(i)*
British United Trawlers Limited	UK	*(i)*
BTS Chemicals Limited (in liquidation)	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 One Limited (in liquidation)	UK	*(i)*
Feltham Two Limited (in liquidation)	UK	*(i)*
Fescol Limited (in liquidation)	UK	*(i)*
G. F. Sleight & Sons Limited	UK	*(i)*
Goodricke Lawrie Consultants Limited	UK	*(i)*
Gotha Tea Estates Limited	UK	*(i)*
Granton Transport Limited	UK	*(xiv)*
Hamstead Village Investments Limited	UK	*(i)*

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

Western Dooars Tea Holdings Limited	UK	*(i)*

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	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Current				
Assets	19.9	*24.4*	11.7	*12.9*
Liabilities	(14.6)	*(13.6)*	(10.2)	*(8.9)*
Total current net assets	5.3	*10.8*	1.5	*4.0*
Non-current				
Assets	28.5	*27.8*	33.8	*38.6*
Liabilities	(5.3)	*(6.5)*	(10.0)	*(11.6)*
Total non-current net assets	23.2	*21.3*	23.8	*27.0*
Net assets	28.5	*32.1*	25.3	*31.0*

Summarised balance sheet

	Eastern Produce South Africa Limited as at 31 December		Goodricke Group Limited as at 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Current				
Assets	3.2	*6.1*	36.2	*33.0*
Liabilities	(3.7)	*(3.7)*	(24.2)	*(22.5)*
Total current net (liabilities)/assets	(0.5)	*2.4*	12.0	*10.5*
Non-current				
Assets	8.8	*9.1*	36.0	*38.3*
Liabilities	(1.2)	*(2.0)*	(11.1)	*(12.0)*
Total non-current net assets	7.6	*7.1*	24.9	*26.3*
Net assets	7.1	*9.5*	36.9	*36.8*

	Horizon Farms as at 31 December		Kakuzi Plc as at 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Current				
Assets	8.3	*5.3*	19.4	*19.3*
Liabilities	(6.8)	*(0.2)*	(2.5)	*(1.8)*
Total current net assets	1.5	*5.1*	16.9	*17.5*
Non-current				
Assets	–	*7.1*	26.8	*28.8*
Liabilities	–	*(1.7)*	(7.0)	*(7.5)*
Total non-current net assets	–	*5.4*	19.8	*21.3*
Net assets	1.5	*10.5*	36.7	*38.8*

Summarised income statement

	Eastern Produce Kenya Limited for year ended 31 December		Eastern Produce Malawi Limited for year ended 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Revenue	39.4	*34.1*	23.1	*25.6*
Profit/(loss) before tax	4.7	*11.1*	(3.7)	*2.0*
Taxation	(1.1)	*(3.3)*	1.1	*(0.5)*
Other comprehensive expense	(3.1)	*(0.7)*	(2.0)	*(1.6)*
Total comprehensive income/(expense)	0.5	*7.1*	(4.6)	*(0.1)*
Total comprehensive income/(expense) allocated to non-controlling interests	0.2	*2.1*	(1.2)	*–*
Dividends paid to non-controlling interests	1.2	*2.1*	0.3	*1.1*

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Revenue	3.8	*5.6*	90.6	*90.5*
(Loss)/profit before tax	(2.2)	*1.9*	2.7	*2.6*
Taxation	0.6	*(0.5)*	(0.5)	*(0.2)*
Other comprehensive expense	(0.2)	*–*	(2.1)	*(2.6)*
Total comprehensive (expense)/income	(1.8)	*1.4*	0.1	*(0.2)*
Total comprehensive (expense)/income allocated to non-controlling interests	(0.7)	*0.4*	–	*–*
Dividends paid to non-controlling interests	–	*–*	–	*0.2*

Summarised income statement

	Horizon Farms for year ended 31 December		Kakuzi Plc for year ended 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Revenue	7.9	*4.8*	25.3	*21.2*
Profit before tax	18.9	*1.8*	5.3	*7.8*
Taxation	(5.3)	*(1.1)*	(1.4)	*(2.3)*
Other comprehensive (expense)/income	0.2	*(0.3)*	(4.0)	*(1.2)*
Total comprehensive income/(expense)	13.8	*0.4*	(0.1)	*4.3*
Total comprehensive income/(expense) allocated to non-controlling interests	2.8	*0.1*	(0.1)	*2.1*
Dividends paid to non-controlling interests	4.6	*0.3*	1.0	*0.7*

Summarised cash flows

	Eastern Produce Kenya Limited	Eastern Produce Malawi Limited

	for year ended 31 December		for year ended 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	6.6	*2.0*	1.1	*6.4*
Net interest received/(paid)	0.7	*1.2*	(0.1)	*0.1*
Income tax paid	(0.8)	*(1.2)*	(1.0)	*(1.9)*
Net cash generated from operating activities	6.5	*2.0*	–	*4.6*
Net cash used in investing activities	(5.3)	*(1.4)*	(0.3)	*(1.5)*
Net cash used in financing activities	(4.1)	*(7.1)*	(1.1)	*(4.2)*
Net decrease in cash and cash equivalents and bank overdrafts	(2.9)	*(6.5)*	(1.4)	*(1.1)*
Cash, cash equivalents and bank overdrafts at beginning of year	15.7	*22.8*	0.1	*1.2*
Exchange (losses)/gains on cash and cash equivalents	(0.5)	*(0.6)*	0.1	*–*
Cash, cash equivalents and bank overdrafts at end of year	12.3	*15.7*	(1.2)	*0.1*

Summarised cashflows

	Eastern Produce South Africa Limited for year ended 31 December		Goodricke Group Limited for year ended 31 December	
	2020	*2019*	2020	*2019*
	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	(0.2)	*3.2*	2.4	*9.1*
Net interest received	(0.1)	*(0.1)*	–	*–*
Income tax paid	–	*–*	(0.7)	*(0.5)*
Net cash (used in)/generated from operating activities	(0.3)	*3.1*	1.7	*8.6*
Net cash used in investing activities	(0.7)	*(2.8)*	(2.0)	*(6.1)*
Net cash generated from/(used in) financing activities	–	*–*	0.7	*(0.8)*
Net (decrease)/increase in cash and cash equivalents and bank overdrafts	(1.0)	*0.3*	0.4	*1.7*
Cash, cash equivalents and bank overdrafts at beginning of year	2.8	*2.5*	0.1	*(1.5)*
Exchange (losses)/gains on cash and cash equivalents	(0.4)	*–*	–	*(0.1)*
Cash, cash equivalents and bank overdrafts at end of year	1.4	*2.8*	0.5	*0.1*

	Horizon Farms for year ended 31 December		Kakuzi Plc for year ended 31 December	
	2020	*2019*	2020	*2019*

	£'m	*£'m*	£'m	*£'m*
Cash flows from operating activities				
Cash generated from operations	3.1	*3.1*	8.9	*9.3*
Net interest received	–	*–*	0.6	*0.9*
Income tax paid	–	*(0.5)*	(1.5)	*(0.5)*
Net cash generated from operating activities	3.1	*2.6*	8.0	*9.7*
Net cash generated from/(used in) investing activities	24.2	*(0.2)*	(6.7)	*(6.7)*
Net cash used in financing activities	(22.8)	*(1.4)*	(2.0)	*(1.4)*
Net increase/(decrease) in cash and cash equivalents and bank overdrafts	4.5	*1.0*	(0.7)	*1.6*
Cash, cash equivalents and bank overdrafts at beginning of year	2.8	*2.1*	12.6	*11.6*
Exchange losses on cash and cash equivalents	(0.3)	*(0.3)*	(0.7)	*(0.6)*
Cash, cash equivalents and bank overdrafts at end of year	7.0	*2.8*	11.2	*12.6*

Associated undertakings

The principal associated undertakings of the Group at 31 December 2020 were:

	Principal country of operation	Registered Office	Accounting date 2020	Group interest in equity capital per cent.
Insurance and banking				
BF&M Limited (Incorporated in Bermuda – common stock)	Bermuda	*(xvi)*	31 December	37.6
United Finance Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	38.4
United Insurance Company Limited (Incorporated in Bangladesh – ordinary shares)	Bangladesh	*(vii)*	31 December	37.0

Registered Offices:

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

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

(viii) Slangrivier Road
Slangrivier Plaas
Wellington
7655
South Africa

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

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

(xvi) 112 Pitts Bay Road
Pembroke
Bermuda
HM08

(iii)	Camellia House 14 Gurusaday Road Kolkata - 700019 West Bengal India	*(x)*	New Rehema House Rhapta Road Westlands P O Box 45560 GPO 00100 Nairobi Kenya	*(xvii)*	Clarendon House 2 Church Street Hamilton Bermuda HM11
(iv)	Koomber Tea Garden PO: Kumbhir Cachar - 788 108 Assam India	*(xi)*	Main Office Punda Milia Road Makuyu P O Box 24 01000 Thika Kenya	*(xviii)*	3rd Floor 180 Msasani Bay Msasani Dar es salaam Tanzania
(v)	Sessa Tea Garden PO: Dibrugarh - 786001 Dist: Dibrugarh Assam India	*(xii)*	PO Box 53 Mulanje Malawi		
(vi)	Fazenda Maruque s/n sala 03 Bairro Maruque Itaberá São Paulo Brazil	*(xiii)*	1368 W Herndon Ave #103 Fresno California 93711 USA		
(vii)	Camellia House 22 Kazi Nazrul Islam Avenue Dhaka 1000 Bangladesh	*(xiv)*	Craigshaw Crescent West Tullos Aberdeen AB12 3TB Scotland		

44 Control of Camellia Plc

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

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

45 Related party transactions

Group
During the year the Group received rental income from the Foundation of £36,000 (2019: £36,000).

During the year the Group paid contributions to the overseas pension and post-employment benefit schemes of £3,101,125 (2019: £1,984,029).

Company
The Company receives financial and secretarial services from Linton Park Plc, a directly owned subsidiary undertaking. The amount payable for these services for 2020 was £466,659 (2019: £447,121). At 31 December 2020 £8,351,312 (2019: £5,943,853) is owed to Linton Park Plc and is unsecured, interest free and has no fixed terms of repayment

Amounts due to Lawrie Group Plc, a directly owned subsidiary undertaking of £7,556,941 (2019: £10,876,941) include an unsecured loan note of £4,191,777 (2019: £4,191,777). The company received interest of £167,671 (2019: £167,671) on this unsecured loan note. The remaining balance is unsecured, interest free and has no fixed terms of repayment.

Balances receivable and payable from/to other Group companies at 31 December 2020 amounted to £2,223,733 (2019: £nil) and £193,187 (2019: £193,187) respectively and are unsecured, interest free and have no fixed terms of repayment.

46 Subsequent events

There were no adjusting post balance sheet events.

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMELLIA PLC

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Camellia Plc (the 'parent company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 Dec 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the parent company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

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

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

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

3. Summary of our audit approach

Key audit matters

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

- Revenue recognition;
- Fair value of biological assets under IAS 41 'Agriculture';
- Impairment of intangibles, factories and bearer plants;
- Provisions for tax, legal matters and employee benefits.

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

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

Materiality

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

Scoping

We consider the principal business units to reflect the components of the Group as this is how management monitor and control the business. Our scope covered 39 components of the Group. Of these, 29 were subjected to a full-scope audit whilst the 10 remaining were subject to specific procedures on certain account balances

Our scoping provides coverage of 99% of the Group's revenue, 95% of the Group's profit before tax and 95% of the Group's net assets from full scope audit and specified audit procedures.

Significant changes in our approach

Materiality: In the current year, we have changed the basis for materiality. We have moved from a profit before tax measure to revenue. Our rationale for this is that revenue has remained more stable than adjusted profit before tax and is more representative of the size of the business.

Component Scoping: The following components of the scope have come into scope this year to perform full scope procedures and specific procedures on certain account balances:

- Eastern Produce South Africa (Pty) Limited
- C.C. Lawrie Comércio e Participacões Ltda
- Eastern Produce Cape (Pty) Limited
- EP(T) East Africa Limited
- Horizon Farms

Key audit matters:

- Our Key audit matter in relation to impairment of assets was updated to include intangible assets and was specifically focussed to key assumptions involved in the assessment of impairment in relation to (i) brand value relating to Jing Tea Limited and (ii) goodwill on the acquisition of tea estates in India by Goodricke Group Limited and Amgoorie India Limited.

- Considering the current impact of Coronavirus pandemic (COVID) on the Group and the headroom in management's going concern assessment, we no longer consider going concern to be a key audit matter.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the latest cash flow forecasts of the Group to determine whether these are consistent with the forecasts used during the impairment review; and assess the Directors' going concern assessment;
- Assessing copies of any existing and new facilities and assessing the Group's cash forecasts against available facilities and the required repayment profiles of debt and interest;
- Assessing the facilities and their availability and compliance with covenants;
- Evaluating each of the sensitivities adopted by management and assessing downside scenarios of cash headroom over the forecast period by performing our own sensitivity analyses to gain adequate assurance regarding the solvency of the Group over the going concern review period. Our sensitivities included consideration of the impact of COVID lockdowns;
- Assessing the reasonability of the assumptions that management have used in their cash forecasts; and
- Assessing the appropriateness of the financial statement disclosures in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Revenue Recognition

Key audit matter description	The Group's agricultural operations involve a wide range of customer delivery models, including auction and retail sales. Given the complexity of the Group's operations and the terms of business with buyers, there is a risk of inappropriate cut-off of revenue recognition around the balance sheet date. The Group's agricultural revenue is included within Sale of Goods of £247.2 million (2019: £242.9 million) disclosed in note 2 to the financial statements. Further information regarding the agricultural revenue recognition policy is in the principal accounting policies disclosed in the financial statements.
How the scope of our audit responded to	We have performed the following procedures in order to address the key audit matter: - We gained an understanding of the key processes and controls used to record

the key audit matter

revenue transactions.

- We assessed commercial arrangements to determine the correct point of revenue recognition of different type of shipments.
- We performed detailed cut-off testing of revenue transactions during the period either side of the balance sheet date with reference to the relevant terms of business, dispatch or delivery documentation as appropriate.
- We examined material journal entries that were posted to revenue accounts and obtained supporting evidence to test the appropriateness of revenue recognition.

Key observations

From the work performed, we are satisfied that revenue is appropriately recognised in the correct accounting period.

5.2. Fair Value of biological assets under IAS 41 'Agriculture'

Key audit matter description

The Group holds £7.1 million (2019: £9.1 million) of biological assets as current assets. As required by IAS 41 'Agriculture', management estimates the fair value of these assets through the use of valuation models and recent transaction prices.

Significant judgement is required for key assumptions for each model, including the life-span of the plantings, yields, selling prices, costs and discount rates. The valuation is sensitive to some of the underlying assumptions.

Biological assets are disclosed in note 19 to the financial statements, the valuation is discussed as a key source of estimation uncertainty and the valuation policy is disclosed in the principal accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in order to address the key audit matter:

- We gained an understanding of key processes and controls around the valuation of biological assets.
- We made enquiries of management to understand the rationale applied in the determination of key assumptions and any changes in the year;
- We assessed the appropriateness of the logic and mechanical accuracy of the valuation models prepared and the valuation methodology applied
- For the fair value models,
  - we assessed the inputs by assessing the historical accuracy of management's forecasts and comparing to third-party and market data (where appropriate);
  - assessed the completeness and accuracy of disclosures made within the financial statements in accordance with IAS 41.

Key observations

From the work performed, we are satisfied that the key assumptions applied in respect of the valuation of biological assets and the associated disclosures are appropriate.

5.3. Impairment of intangibles, factories and bearer plants

Key audit matter description

The Group holds £6.6 million (2019: £10.3 million) of Intangibles and £198.3 million (2019: £222.5 million) of property, plant and equipment (PP&E), which includes factories and bearer plants.

For components in the Agriculture segment, management identified each estate as a cash generating unit (CGUs), which includes the associated factories and bearer plants and performed an annual review for indicators of impairment. The process for measuring and recognising impairment under IAS 36: 'Impairment of Assets' is complex and requires significant judgement, including consideration of indicators such as underutilisation, adverse weather conditions and land use rights. The uncertainties inherent within the current economic environment caused by the Coronavirus pandemic have been included within management's consideration of qualitative and qualitative impairment indicators.

The risk in relation to intangibles is specifically focussed to (i) brand value relating to Jing Tea Limited where the operations were unable to trade for a significant period as a result of the COVID pandemic and (ii) goodwill on the acquisition of tea estates in India by Goodricke Group Limited and Amgoorie India Limited.

There is a risk that these cash generating units (CGUs) or groups of CGUs may not achieve the anticipated business performance to support their carrying value, or that the estimated fair value of the CGUs may not support their carrying value. This could lead to an impairment charge that has not been recognised by management.

Intangible assets are disclosed in note 15 PP&E is disclosed in note 16 to the financial statements, the valuation is discussed as sources of estimation uncertainty, and the valuation policy is disclosed in the principal accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in order to address the risk:

- We gained an understanding of key processes and controls around the identification of impairment indicators for intangibles, factories and bearer plants.
- We challenged management's assessment as to whether indicators of impairment exist for factories and bearer plants through our consideration of operating losses incurred, disease or crop damage, long term commodity price reductions, underutilised plant or warehousing, loss of key customers, long term failure of water or power supply, variation in rights to land use, and significant changes in tax or foreign exchange rates.
- For the CGUs where there were indicators of impairment identified, we performed detailed testing to further assess and corroborate the key inputs to the valuations, which were utilised to determine the recoverable amount of the CGUs (which includes goodwill, intangibles and other allocated assets). Our challenge focused on:
  - obtaining an understanding of controls used in the preparation of the model;
  - assessing the appropriateness of the CGUs identified against IAS 36 Impairment of Assets through challenging management;
  - assessing and challenging the appropriateness of the discount rate used by independently benchmarking the discount rate against the wider peer group;
  - assessing the appropriateness of cash flow projections relative to previous performance, current order book and general economic outlook for respective business sectors.
  - analysing the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable based on past experience.
  - testing the mechanical accuracy and integrity of the models, performing our own sensitivity analyses, and working with our internal valuation specialists to assist in the assessment of the appropriateness of the discount rates.
  - where recoverable value has been determined based on fair value of the assets, considering the evidence available as to whether the recoverable amount represents an appropriate estimate of a market participant's

valuation of the CGU by challenging the valuation reports issued by external valuers by comparing them with similar market transactions in past. We also held discussions with the valuers to challenge the methods used for determining fair value.

- For Jing Tea, understanding and evaluating the economic recovery assumptions, comparing the forecasted sales to actual experience, contract wins and churn rates and the £3.5 million impairment recognised in the period.

■ We also assessed the appropriateness of the Group's disclosures including the need to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment.

Key observations

From the work performed, we concur with management's assessment of impairments recorded during the year.

5.4. Provision for tax, legal matters and employee benefits

Key audit matter description

Given the various jurisdictions in which the Group operates, as described in the principal risks and uncertainties on page 24 and 25, there is a risk relating to uncertainties in relation to the interpretation of complex tax legislation, or arising from changes in local regulation or law including those related to employee benefits.

Judgement is also applied in estimating amounts payable to legal regulatory or tax authorities in certain jurisdictions and relating to human rights issues. This gives rise to a risk over the accuracy and disclosure of provisions and contingent liabilities. There is also a risk that management may influence these significant estimates and judgements in order to meet market expectations.

At 31 December 2020, the Group has provided £8.2 million (2019: £Nil) in respect of the settled legal claims in the UK relating to allegations against its East African operations, namely Kakuzi in Kenya and EPM in Malawi.

In addition, in certain overseas jurisdictions, interpreting and complying with taxation laws and regulations are complex. There is inherent judgment associated both with assessing and quantifying probable outcomes in relation to ongoing tax claims and with determining any exposure (and the need for provision) in areas where legal requirements are open to interpretation. In addition, possible outcomes need to be considered for disclosure as contingent liabilities. Unexpected adverse outcomes could materially impact the Group's financial performance and position. A contingent liability of £6.7 million in respect of India and £7.8 million in Malawi has been disclosed as relating to tax claims at 31 December 2020 (2019: £7.1 million in respect of India).

Impact of litigation concerning the East African operations within the Operational Report disclosed on page 6 and Contingent liabilities are disclosed in note 41 to the financial statements, their quantification is discussed as sources of estimation uncertainty, and the accounting policy for provisions is disclosed in the principal accounting policies.

How the scope of our audit responded to the key audit matter

We have performed the following procedures in order to address the risk:

■ We gained an understanding of key processes and controls around identification of tax, legal and employee benefits matters across the key components of the Group.

■ We obtained and assessed management's year end listing, tracking all litigations and reconciled this to the provisions recorded in order to check for completeness of provisions and contingent liabilities.

■ We challenged the appropriateness of the Group's assumptions and estimates in

	relation to provisions and contingent liabilities, industry practice and the period to which any provision amounts relate. ▪ We sent confirmations to the Group's legal counsel in the key jurisdictions as at 31 December 2020. We also spoke to legal counsel on selected key issues. ▪ We also assessed the Group's correspondence with regulatory and tax authorities and understood management's interpretation and application of relevant laws and regulations. ▪ With respect to litigation concerning the East African operations, in addition to the above procedures, we have obtained documentary evidence of the settlement agreements to test the completeness off the total settlement cost and related accruals for ongoing commitments. ▪ We also assessed the appropriateness of disclosures in the financial statements.
Key observations	From the evidence obtained, we were satisfied with (i) the adequacy of the Group's provisions made at 31 December 2020 for the risks identified in the context of the Group financial statements taken as a whole and (ii) the appropriateness of the contingent liability disclosures given the status, materiality and likely outcome of and exposures in areas where employee, legal and taxation requirements are open to interpretation.

6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£0.9 million (2019: £1.1 million)	£0.3 million (2019: £0.4 million)
Basis for determining materiality	0.4% of Revenue (2019: 5% of adjusted profit before tax as disclosed in note 4.)	2% of net assets, capped at 35% of group materiality (2019: 2% of net assets, capped at 35% of group materiality)
Rationale for the benchmark applied	We have changed our basis for materiality for the current year, moving from a profit before tax measure to a revenue measure by taking into account the previous two years and the current year forecasted revenue. Despite the fall in profit before tax, we note that the overall size of the business, demonstrated by revenue, has remained broadly consistent with the prior year therefore the change in basis for materiality was deemed appropriate. Revenue is deemed an important benchmark for users to determine growth and performance of the Group.	We have used net assets measure given that the parent company is a holding company, generating no revenue

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2019: 70%) of group materiality	70% (2019: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we have considered the following factors: ▪ There have been no changes to the business in their operation or financial reporting process. ▪ The Group has a history of correcting most of the identified misstatements and the remaining uncorrected misstatements are historically below performance materiality. ▪ The quality of the control environment, including impact of COVID, hence the decreased likelihood of significant misstatements occurring.	

6.3 Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £45,000 (2019: £52,500), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the group level. The Group undertakes agricultural operations in countries across Africa, North and South America, and Asia, with its principal crops grown in Bangladesh, India, Kenya and Malawi. The Group's engineering and food service operations are located in Europe, principally in the UK. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Of the Group's 55 principal components, 29 were subject to a full audit and 10 were subject to specified audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations.

Our audit work on components in addition to the parent entity was executed to lower levels of materiality of £0.32 million (35%) of group materiality (2019: £0.4 million (35%)). The parent company is located in the UK and audited directly by the group audit team. At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

These 39 components represent the principal business units and account for 99% of the Group's revenue and 95% of the Group's profit (based on absolute numbers) and 95% of the Group's net assets. The remaining components were subject to analytical review procedures by the group audit team.

7.2. Our consideration of the control environment

Our risk assessment procedures include obtaining an understanding of relevant controls to the audit.

Consistent with previous years, we have obtained an understanding of relevant controls on the following areas:

- Financial reporting process;
- Legal and regulatory reviews; and

- Impairment of intangibles.

This covered some of the key accounting and reporting tools that are used by management and the interface between various systems.

7.3. Working with other auditors

Throughout the audit, we ensured that we held frequent discussions with our component teams. In September 2020, we held a group-wide planning meeting, in which we set out the materiality and scoping for component teams, as well as considering significant risks across the Group. We also held planning meetings with each of our specialists, involving our component teams where relevant.

During our interim and year-end audit, we held regular catch-up meetings with components to monitor progress and highlight any issues arising.

The Senior Statutory Auditor participated in all of the final close meetings of the Group's significant components. The Senior Statutory Auditor or another senior members of the group audit team carried out a review of the component auditor files.

Our oversight of component auditors focused on the planning of their audit work and key judgements made. In particular, our supervision and direction focused on the work performed in relation to key audit matters by component teams including revenue recognition,fair value of biological assets, impairment of intangibles, factories and bearer plants, provisions for tax, legal and employee benefits and going concern assessments.

As part of our monitoring of component auditors, we have also attended key audit close meetings remotely through video calls.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1 Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to: – identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance; – detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and – the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT and pensions specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition and impairment of intangibles, factories and bearer plants. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. Those that are fundamental to the operations of the Group included the Bribery Act, employee laws, carbon reduction regulations, and health, safety and environment matters.

11.2 Audit response to risks identified

As a result of performing the above, we identified revenue recognition, impairment of intangibles, factories and bearer plants as key audit matters related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters. In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

12. Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Makhan Chahal ACA (Senior Statutory Auditor)
Deloitte LLP

Statutory Auditor

London, United Kingdom

3 May 2021

FIVE YEAR RECORD

	2020 £'m	2019 £'m	2018 £'m	2017 £'m Restated	2016 £'m
Revenue-continuing operations	291.2	291.5	309.8	298.3	257.9
Profit before tax	7.8	22.3	52.5	27.6	26.5
Taxation	(8.6)	(7.2)	(20.0)	(12.2)	(12.4)
(Loss)/profit from continuing operations	(0.8)	15.1	32.5	15.4	14.1
(Loss)/profit from discontinued operation	–	–	(0.2)	14.8	(20.0)
(Loss)/profit attributable to owners of the parent	(5.0)	8.3	25.2	23.8	(10.7)
Equity dividends paid	2.8	4.0	3.8	3.6	3.6
Equity					
Called up share capital	0.3	0.3	0.3	0.3	0.3
Reserves	376.3	395.4	395.2	368.1	330.5
Total shareholders' funds	376.6	395.7	395.5	368.4	330.8
(Loss)/earnings per share	(181.0) p	300.5 p	912.4 p	861.7 p	(387.4) p
(Loss)/earnings per share - continuing operations	(181.0) p	300.5 p	919.6 p	325.9 p	336.7 p
Dividend paid per share	102 p	144 p	138 p	132 p	130 p