

THE NCHIMA TEA & TUNG ESTATES LIMITED

REGISTERED NO: 111600

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

TUESDAY



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COMPANIES HOUSE

THE NCHIMA TEA AND TUNG ESTATES LIMITED

Directors

S S Hobhouse

M A Gage

Secretary

M A Gage

Independent Auditor

Baker Tilly UK Audit LLP

25 Farringdon Street

London

EC4A 4AB

Registered office

3<sup>rd</sup> Floor

45 Ludgate Hill

London

EC4M 7JU

## THE NCHIMA TEA AND TUNG ESTATES LIMITED

### DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2014.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £74,078 (2013: £220,668). The directors recommend the payment of a dividend of £nil (2013: £146,510).

### PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the Company is the operation of plantations in Malawi, primarily producing tea and macadamia nuts.

Both the level of the business and the year-end financial position were satisfactory and the directors expect this to continue for the foreseeable future.

### GOING CONCERN BASIS

The Company is a wholly owned subsidiary of its ultimate holding company, PGI Group Limited. Details of the group's principal risks, uncertainties and key performance indicators can be found in the Business Review and notes to the accounts of its ultimate holding company.

The Company does not have banking facilities. Transactions are processed through the use of inter-company accounts.

After reviewing the current situation, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### DIRECTORS

The directors who served during the year were as follows:

S S Hobhouse  
M A Gage

### REGISTERED NUMBER

The Company's registered number is 111600.

### AUDITOR

In accordance with section 485 of the companies act 2006, a resolution for the re-appointment of Baker Tilly UK Audit LLP, as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

THE NCHIMA TEA AND TUNG ESTATES LIMITED

DIRECTORS' REPORT (CONT)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

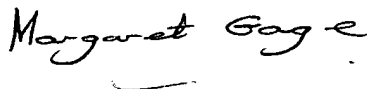
The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditor is unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

BY ORDER OF THE BOARD



M A Gage  
Secretary

3<sup>rd</sup> Floor  
45 Ludgate Hill  
London  
EC4M 7JU

16<sup>th</sup> April 2015

## THE NCHIMA TEA AND TUNG ESTATES LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements 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 have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE NCHIMA TEA AND TUNG ESTATES LIMITED

We have audited the financial statements on pages 7 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and the auditor**

As more fully explained in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the auditing practices board's (APB's) ethical standards for auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom generally accepted accounting practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
THE NCHIMA TEA AND TUNG ESTATES LIMITED (CONTINUED)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

*Baker Tilly UK Audit LLP*

MARK HARWOOD (Senior Statutory Auditor)  
for and on behalf of BAKER TILLY UK AUDIT LLP, statutory auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

16<sup>th</sup> April 2015

THE NCHIMA TEA AND TUNG ESTATES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

		<u>Continuing operations</u>	
		<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
	<u>Note</u>		
Turnover	2	77,711	310,095
		-----	-----
Gross profit		77,711	310,095
Net operating expenses	3	(1,601)	(1,901)
		-----	-----
Profit on ordinary activities before taxation	5	76,110	308,194
Taxation	6	(2,032)	(87,526)
		-----	-----
Profit for the financial year	12	74,078	220,668
		=====	=====

The notes on pages 9 to 14 form part of these financial statements.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

		<u>2014</u>	<u>2013</u>
		<u>£</u>	<u>£</u>
Profit for the financial year		74,078	220,668
Exchange differences		(25,091)	(44,368)
		-----	-----
Total recognised gains for the year		48,987	176,300
Prior period adjustment	15	-	(2,389,589)
		-----	-----
Total recognised gains and losses recognised since last financial statements		48,987	(2,213,289)
		=====	=====



**BALANCE SHEET****AS AT 31 DECEMBER 2014**

	<u>Note</u>	<u>2014</u> £	<u>2013</u> £
<b>Fixed assets</b>			
Tangible assets	7	328,928	208,321
Investments	8	28,030	28,030
		-----	-----
		356,958	236,351
		-----	-----
<b>Current assets</b>			
Debtors	9	16,915	-
<b>Creditors: amounts falling due within one year</b>			
Other creditors	10	-	(62,921)
		-----	-----
<b>Net current assets/(liabilities)</b>		16,915	(62,921)
		-----	-----
<b>Total assets less current assets/( liabilities)</b>		373,873	173,430
		-----	-----
<b>Creditors: amounts falling due after more than one year</b>			
Other creditors	10	(896,405)	(744,949)
		-----	-----
		(522,532)	(571,519)
		=====	=====
<b>Capital and reserves</b>			
Called up share capital	11	688,500	688,500
Profit and loss account	12	(1,211,032)	(1,260,019)
		-----	-----
<b>Shareholders' funds and equity</b>		(522,532)	(571,519)
		=====	=====

The notes on pages 9 to 14 form part of these financial statements.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The financial statements were approved and authorised for issue by the Board of Directors on 16th April 2015 and signed on its behalf by:

*Margaret Gage*

M.A Gage  
Director

# THE NCHIMA TEA AND TUNG ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. These financial statements present information about the Nchima Tea and Tung Estates Limited as an individual undertaking and not as a group.

(b) Foreign currency translation

Overseas trading results are translated into sterling at the average rates of exchange ruling during the year. Overseas net assets are translated at period-end rates of exchange. Any exchange adjustment is dealt with as a movement on reserves.

(c) Depreciation

Depreciation, which is not charged on freehold land, estate development expenditure and capital work in progress, is calculated on the straight line basis to write off the cost of the fixed assets over their anticipated useful lives as follows:

Buildings	2-5% per annum
-----------	----------------

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

(d) Investments

Fixed asset investments are stated at cost unless there are any indications of impairment, in which case the impairment is quantified and recognised.

(e) Turnover

Turnover represents the value of macadamia nuts sold in the year.

# THE NCHIMA TEA AND TUNG ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 1. PRINCIPAL ACCOUNTING POLICIES (Cont)

(f) Taxation and Deferred Taxation

The Company is resident in Malawi for tax purposes.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, with following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where a replacement assets are sold.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

(g) Cash flow statement

The Company has taken advantage of the exemption permitted by FRS 1 whereby a cash flow statement need not be prepared by a wholly owned subsidiary of a parent company which itself publishes consolidated financial statements.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

The geographical analysis of turnover is:

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Africa	77,711	310,095
	=====	=====

# THE NCHIMA TEA AND TUNG ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 3. NET OPERATING EXPENSES

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Administrative expenses	1,601	1,901
	=====	=====

The auditor's remuneration is met by the parent company.

### 4. DIRECTORS' REMUNERATION

None of the directors received any emoluments during the year (2013: £Nil). The Company has no employees. Directors' emoluments are met by the parent company.

### 5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Depreciation: owned assets	1,514	1,532
	=====	=====

### 6. TAX

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Foreign tax:		
Current year	2,032	87,526
Prior year adjustment	-	-
	-----	-----
Tax on profit on ordinary activities	2,032	87,526
	=====	=====

(b) Factors affecting the current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%) . The differences are reconciled below:

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before tax	76,110	308,194
	=====	=====
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	16,364	71,655
(Lower)/higher rates on overseas earnings	(14,332)	15,871
	-----	-----
Total current tax charge	2,032	87,526
	=====	=====

# THE NCHIMA TEA AND TUNG ESTATES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Cont)

### 7. TANGIBLE FIXED ASSETS

	<u>Estate development</u> £	<u>Freehold land &amp; buildings</u> £	<u>Total</u> £
<b>COST:</b>			
At 1 January 2014	156,000	103,027	259,027
Exchange adjustment	(3,000)	(1,827)	(4,827)
Additions	102,283	23,765	126,048
	-----	-----	-----
At 31 December 2014	255,283	124,965	380,248
	-----	-----	-----
<b>DEPRECIATION</b>			
At 1 January 2014	-	50,706	50,706
Exchange adjustment	-	(900)	(900)
Charge for year	-	1,514	1,514
	-----	-----	-----
At 31 December 2014	-	51,320	51,320
	-----	-----	-----
<b>NET BOOK VALUE:</b>			
At 31 December 2014	255,283	73,645	328,928
	=====	=====	=====
At 1 January 2014	156,000	52,321	208,321
	=====	=====	=====

Included in estate development is land of £255,283(2013: £156,000) that is not depreciated.

### 8. INVESTMENTS

	<u>Subsidiary undertaking</u> £
Cost	
At 1 January and 31 December 2014	28,030
	=====

In the directors' opinion, the value of the shares in the subsidiary undertaking is not less than the value at which it is stated in the balance sheet.

The company owns 97.1% of the issued share capital of The Michiru Company Limited, a holding company incorporated in Malawi.

In accordance with Section 400 of the Companies Act 2006, no group financial statements have been prepared as The Nchima Tea and Tung Estates Limited is a wholly owned subsidiary undertaking of PGI Group Limited.

THE NCHIMA TEA AND TUNG ESTATES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

9. DEBTORS

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year:		
Other debtors	16,915	-
	=====	=====

10. OTHER CREDITORS

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year:		
Oversea tax	-	62,921
	=====	=====
Amounts falling due after more than one year:		
Amount owed to fellow subsidiary undertaking	896,405	744,949
	=====	=====

11. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	700,000	700,000	688,500	688,500
	=====	=====	=====	=====

12. PROFIT AND LOSS ACCOUNT

	<u>2014</u>
	<u>£</u>
At the beginning of the year	(1,260,019)
Exchange differences	(25,091)
Profit for the year	74,078
	-----
At the end of the year	(1,211,032)
	=====

13. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption conferred by FRS 8 whereby a wholly owned subsidiary need not disclose details of transactions with fellow group companies.

## THE NCHIMA TEA AND TUNG ESTATES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (Cont)

#### 14. ULTIMATE PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The ultimate parent company and the only group company for which group financial statements are prepared is PGI Group Limited, a company registered in England and Wales. Copies of this Company's financial statements can be obtained from The Secretary, 45 Ludgate Hill, London, EC4M 7JU. The ultimate controlling party is Mr S.N Roditi.

#### 15. PRIOR YEAR ADJUSTMENT

The accounting policy for tangible assets was changed during 2013 in order to show the plantations, factories and ancillary property at their historical cost in line with applicable accounting standards. The directors consider that the new policy provides a fairer presentation of the results and the financial position of the Company. The comparative figures in the financial statements and notes have been restated to reflect the new policy.

The effect of the change in policy is as follows:

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
<u>Profit and loss account:</u>		
Administration expenses	-	5,000
	-----	-----
Profit for the year	-	5,000
	-----	-----
<u>Balance sheet:</u>		
Tangible assets	-	(2,384,589)
	-----	-----
Decrease in total assets	-	(2,384,589)
	=====	=====

#### 16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2014</u>	<u>2013</u>
	<u>£</u>	<u>£</u>
Profit for the year	74,078	220,668
Dividends	-	(146,510)
Exchange differences	(25,091)	(44,368)
	-----	-----
	48,987	29,790
Opening shareholders' funds	(571,519)	(601,309)
	-----	-----
Closing shareholders' funds	(522,532)	(571,519)
	=====	=====