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Registered number
00586304

Linton Park Plc

Report and Financial Statements

31 December 2019

Linton Park Plc
Report and financial statements
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Linton Park Plc
Company Information

Directors
Tom Franks
Malcolm Perkins
Susan Walker

Secretary
Amarpal Takk

Independent auditors
Deloitte LLP
Statutory Auditors
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London
EC4A 3HQ

Registered office
Linton Park
Linton
Near Maidstone
Kent ME17 4AN

Registered number
00586304

Linton Park Plc
Strategic report for the year ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

Business review and future developments
The Company continues to operate as a holding Company and is expected to do so in the future. The results for the year and the financial position of the Company are as shown in the annexed financial statements.

Principal risks and uncertainties and key performance indicators
The Company is a holding company within the Camellia Plc group and as such the principal risks and uncertainties, key performance indicators, strategy and business model are in line with those of the Group as a whole. A review of the principal risks and uncertainties, strategy and business model of the Camellia Plc group can be found in Camellia Plc's 2019 annual report on pages 21 to 24.

COVID-19
All our agricultural operations continue to work as close to normal as is possible . The restrictions that we are seeing globally continue to increase with all our countries of operation experiencing some form of lock down. It remains unclear the extent of the impact these restrictions will have on our production levels, our distribution channels, demand for our produce and access to market for our perishable crops such as avocado and citrus. A number of tea auctions have been cancelled in recent weeks although some have since resumed or are scheduled to resume in May. Overall tea prices during the first quarter was exceptionally poor as a result of the very high production levels of 2019, but as a consequence of the current crisis we have seen some signs of increased demand and prices for our teas.

Our engineering businesses are operating at close to normal. Both AJT Engineering (due to its role in the energy sector) and Abbey Metal Finishing (due to its role for aerospace and military) are deemed to be essential businesses. We are concerned however that issues in the wider economy could mean that demand in the oil, energy and aerospace sectors will be very weak in the second half of the year.

ACS&T continues to operate but the reduced demand for its transport services which we mentioned on 1 April, means that profitability in H1 2020 is expected to be significantly lower than that for the same period in 2019. Jing Tea continues to trade at a substantially reduced level. Both businesses' trading results for the remainder of the year are dependent on the timing of any resumption of operations in the hospitality and food service sectors.

Retirement benefit obligations
The Company operates a defined benefit pension scheme. The triennial valuation of the scheme is due to be carried out in 2020. The 2017 triennial valuation, which was closed to future accrual during 2016, showed a funding surplus of £7.1 million. The recent UK interest rate reductions and the major movements in equity market valuations due to COVID-19 will have significantly impacted both the scheme's asset values and its obligations such that were the valuation to be performed today, the scheme would be in a deficit position and it is likely that deficit reduction contributions will be required to the pension scheme following the completion of the triennial valuation later this year.

Brexit
Whilst there is now clarity as to the dates for exiting the EU, the significant uncertainty as to the precise structure of any post-Brexit trading arrangements continues to pose challenges for the Company's preparations.

Some of the Company's investments have direct exposure to UK markets, and their value may be impacted by the effect of volatility in exchange rates and in financial markets more widely.

This report was approved by order of the board on 10 June 2020.

T Franks

Tom Franks
Director

Linton Park Plc
Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

Principal activities
The Company is a holding Company. It is incorporated and domiciled in England.

Results and dividends
The profit for the financial year amounted to £1,241,130 (2018: £1,790,315 loss). During the year an interim dividend of £1,250,000 (2018: £nil) was paid. The Directors do not propose a final dividend for the year (2018: nil per share). The total dividend for 2019 is therefore £1,250,000 (2018: £nil).

Directors
The Directors of the Company are listed on page 2. Tom Franks, Malcolm Perkins and Susan Walker are directors of Camellia Plc and their interest in the shares of group undertakings are disclosed in the financial statements of that company. The Directors were in place for the entire duration of the accounting period, up to the date of signing.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Strategic Report, 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of 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; and
- 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.

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

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company as a whole, together with a description of the principal risks and uncertainties that they face; and
- the financial statements, 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.

Future developments
A statement on future developments has been included in the strategic report.

Linton Park Plc
Directors' Report

Subsequent events
The Company has concluded that Covid-19, of which the principal risks and uncertainties are discussed in the Strategic Report, is a non-adjusting event which does not require any adjustment to the financial statements for the year ended 31 December 2019. However, it has had a significant impact on the operations, results and cash flows of its subsidiary investment holdings from the first quarter of 2020. Given the complexity and rapid escalation of events, it is not currently practicable to make a reliable quantified estimate of the full impact on the Company. This impact would be recorded prospectively in future financial statements.

Going concern
As set out in the Strategic Report , our businesses are currently operating broadly as normal.

The Directors, at the time of approving the financial statements and, after assessing the principal risks have considered the impact of a severe but plausible downside scenario for COVID-19, with the major variables being the depth and duration of COVID-19 and the extent of action taken by governments in the jurisdictions in which we operate. The Directors considered the impact of the current COVID-19 environment on the business for the next 15 months.

Whilst the situation evolves daily making scenario planning difficult, we have considered several variables which may impact on revenue, profits and cash flows. In light of the nature of our business and our current approvals/status in our various jurisdictions, we have assumed our operations to be important, essential businesses which will continue to operate wherever possible with appropriate safety protocol in place and on the basis that we will also be able to continue to sell our produce to customers.

Whilst the virus will have an impact on many aspects of the Company's subsidiaries, disruption to the production, distribution, demand for and hence sales of our core crops: tea, macadamia and avocado, will have the biggest impact on our cashflows. Within that, as tea is still our major revenue generator and involves the employment of a large labour force, any disruption to tea production and/or sales activities will have a disproportionately adverse impact on our cashflows.

All our businesses have put in place contingency plans, aimed at making operational cost reductions and wherever possible delaying or cancelling non-critical expenditure.

We have modelled various scenarios using assumptions including significantly reduced combined sales volumes of up to 30% for tea, up to 40% for avocado exports and up to 25% for macadamia during 2020. 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 2020 for our macadamia and avocado crops. The scenario modelling indicates that the Group would, in the absence of material price increases, or significant levels of government support, make a substantial loss during 2020. We would however anticipate a recovery in subsequent years as the impact of the virus recedes.

Historically in the tea sector, restrictions on, or reductions in the supply of tea either regionally or globally have led to higher selling prices. It is too soon, and the COVID-19 situation too novel, to determine the extent to which this may occur in 2020. Accordingly, for the purposes of our downside scenario planning we have not reflected increased selling prices.

The Directors believe that the Company is well placed to manage its financing and other business risks satisfactorily and, has a reasonable expectation that the Company has 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.

Statement of disclosure of information to auditors
So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's Auditors in connection with preparing their report) of which the Company's Auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Independent auditors
Deloitte LLP has indicated that it will be seeking re-appointment as auditor at the forthcoming annual general meeting.

This report was approved by order of the board on 10 June 2020.

TH Franks

Tom Franks
Director

Independent auditors' report to the members of Linton Park Plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Linton Park Plc (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of comprehensive income;
- the Balance Sheet;
- the Cash Flow statement;
- the Statement of changes in equity; and
- the related notes 1 to 27 including accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 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, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Independent auditors' report to the members of Linton Park Plc continued

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 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 Company or to cease operations, or have no realistic alternative but to do so.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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;
- 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.

We have nothing to report in respect of these matters.

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.

Richard Howe, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

10 June 2020

Linton Park Plc
Statement of comprehensive income
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Revenue	2	**1,004,526**	**1,058,558**
Other operating income		8,178	191,438
Administrative expenses		(8,181,596)	(8,177,899)
Dividends from group companies		8,500,000	5,000,000
Finance income	4	340,916	237,102
Finance costs	4	(221,501)	(126,541)
Net exchange (losses)/gains	4	(80,875)	71,336
Employee benefit expense - interest	4	(500,000)	(400,000)
Net finance cost	4	(461,460)	(218,103)
Profit/(loss) before tax	3	**869,648**	**(2,146,006)**
Taxation - credit	5	371,482	355,691
Profit/(loss) for the financial year		**1,241,130**	**(1,790,315)**
Other comprehensive income(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial movement on defined benefit pension schemes	20	3,400,000	(1,135,248)
Other comprehensive income/(expense) for the year		3,400,000	(1,135,248)
Total comprehensive income/(expense) for the year		**4,641,130**	**(2,925,563)**

Continuing operations
None of the Company's activities were acquired or discontinued during the above two financial years.

Linton Park Plc
Balance Sheet
at 31 December 2019

	Notes	2019 £	2018 £
Non-current assets			
Property, plant and equipment	9	12,975,502	13,209,813
Right-of-use assets	10	515,455	-
Investment properties	11	16,841,484	15,899,652
Investments in subsidiaries	12	7,362,279	6,362,279
Amounts due from group undertakings	24	1,500,000	1,500,000
Total non-current assets		**39,194,720**	**36,971,744**
Current assets			
Amounts due from group undertakings	24	73,365,492	71,970,094
Trade and other receivables	13	497,461	624,960
Cash and cash equivalents	14	15,652,610	21,111,410
Total current assets		**89,515,563**	**93,706,464**
Current liabilities			
Financial liabilities - borrowings	15	(3,300,000)	(600,000)
Lease liabilities	16	(31,634)	-
Trade and other payables	17	(1,793,099)	(894,317)
Amounts due to group undertakings	24	(51,558,238)	(54,884,842)
Provisions	18	(683,337)	(750,000)
Total current liabilities		**(57,366,308)**	**(57,129,159)**
Net current assets		**32,149,255**	**36,577,305**
Total assets less current liabilities		**71,343,975**	**73,549,049**
Non-current liabilities			
Financial liabilities - borrowings	15	-	(3,300,000)
Lease liabilities	16	(635,278)	-
Deferred tax liabilities	19	(81,776)	(113,258)
Retirement benefit obligations	20	(13,600,000)	(16,500,000)
Total non-current liabilities		**(14,317,054)**	**(19,913,258)**
Net assets		**57,026,921**	**53,635,791**
Equity			
Share capital	21	9,519,084	9,519,084
Share premium		24,523,221	24,523,221
Reserves		22,984,616	19,593,486
Total equity		**57,026,921**	**53,635,791**

The notes on pages 12 to 33 form part of the financial statements.

The financial statements on pages 8 to 33 were approved by the board of Directors on 10 June 2020 and signed on its behalf by:

T.Franks

Tom Franks

Director

Registered Number 00586304

Linton Park Plc
Cash flow statement
for the year ended 31 December 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Profit/(loss) before tax		869,648	(2,146,006)
Adjustments for:			
Depreciation		105,596	95,109
Loss/(profit) on disposal of property, plant and equipment		19,519	(85,005)
Retirement benefits	20	-	900,000
Dividends from group companies		(8,500,000)	(5,000,000)
Net finance cost	4	461,460	218,103
		(7,043,777)	(6,017,799)
Decrease/(increase) in trade and other receivables		127,499	(3,284)
Increase/(decrease) in trade, other payables and provisions		832,119	(1,115,385)
Contribution to pension scheme	20	-	(235,248)
Net movement in intra group balances	24	(4,722,002)	5,934,076
Cash used in operations		(10,806,161)	(1,437,640)
Payment for group relief received		340,000	533,660
Interest received		340,916	237,102
Interest paid		(221,501)	(126,541)
Net cash used in operating activities		**(10,346,746)**	**(793,419)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(182,542)	(110,971)
Additions - investment properties		(501,981)	(928,389)
Proceeds from sale of property, plant and equipment		12,591	163,189
Proceeds from sale of asset classified as held for sale		-	686,787
Investment in subsidiary	12	(1,000,000)	(6,004,104)
Dividends received		8,500,000	5,000,000
Net cash generated from/(used in) investing activities		**6,828,068**	**(1,193,488)**
Cash flows from financing activities			
Equity dividends paid	6	(1,250,000)	-
Loans repaid	15	(600,000)	(600,000)
Payment of lease liabilities		(9,247)	-
Net cash used in financing activities		**(1,859,247)**	**(600,000)**
Net decrease in cash and cash equivalents		**(5,377,925)**	**(2,586,907)**
Cash and cash equivalents at beginning of year		**21,111,410**	**23,626,981**
Exchange (losses)/gains on cash		(80,875)	71,336
Cash and cash equivalents at end of year		**15,652,610**	**21,111,410**

Linton Park Plc
Statement of changes in equity
for the year ended 31 December 2019

	Notes	Share capital £	Share premium £	Retained earnings £	Capital redemption reserve £	Total equity £
At 1 January 2018		9,519,084	24,523,221	22,100,131	418,918	56,561,354
Total comprehensive expense for the year		-	-	(2,925,563)	-	(2,925,563)
At 31 December 2018		9,519,084	24,523,221	19,174,568	418,918	53,635,791
Total comprehensive income for the year		-	-	4,641,130	-	4,641,130
Dividends	6	-	-	(1,250,000)	-	(1,250,000)
At 31 December 2019		9,519,084	24,523,221	22,565,698	418,918	57,026,921

General information
Linton Park Plc (the Company) is a public Company limited by shares incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

(1) Accounting policies
The principal accounting policies 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These are separate company financial statements and, in accordance with the exemption in the Companies Act 2006 section 400, consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Camellia Plc.

The financial statements have been prepared on the historical cost basis.

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

Going concern
The Report of the Directors on page 5 sets out details of the potential substantial risks to our operations and sales arising from COVID-19 and the potential impact on our profitability and cashflows based on our scenario planning.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has 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.

Foreign currency translation
The financial statements are presented in Pounds Sterling which is the company's functional and presentational currency. 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. 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 other comprehensive income.

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Revenue from management fees is recognised when earned. Investment income is recognised when the right to receive payment of a dividend is established.

Property, plant and equipment
Land and buildings comprises various properties including listed buildings which are used as head offices. All property, plant and equipment (PPE), 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 company has followed the transitional provisions and elected that previous UK GAAP revaluations be treated at deemed cost.

Subsequent costs are included in the asset's carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company 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 or on assets where the residual value is expected to be higher than the carrying amount. Depreciation of other fixed assets is calculated to write off their cost less residual value on a straight-line basis over their expected useful lives.

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

Freehold and long leasehold buildings	nil to 2 per cent. per annum
Other short leasehold land and buildings	unexpired term of the lease
Plant, machinery, fixtures, fittings and equipment	4 to 33 per cent. per annum

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

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.

(1) Accounting policies (continued)

Investment properties
Properties held to earn rental income rather than for the purpose of the company'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 company properties.

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

Financial assets

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" lines item (note 4).

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses '(ECL)' on lease receivables. 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 Company always recognises lifetime ECL for lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company 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 Company 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.

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 Company 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 Company has reasonable and supportable information that demonstrates otherwise.

(1) Accounting policies (continued)

Despite the foregoing, the Company 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 Company 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 Company 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 Company, in full (without taking into account any collateral held by the Company).

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

(iii) Write-off policy
The Company 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 Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) 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.

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

The Company 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 and does not reduce the carrying amount of the financial asset in the balance sheet.

(1) Accounting policies (continued)

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

Investments
Investments in subsidiary companies are included at cost less provisions for impairment.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

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.

Provisions
Provisions are recognised when the company 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.

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 company 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 substantially 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 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 company and it is probable that the temporary difference will not reverse in the foreseeable future.

(1) Accounting policies (continued)

Employee benefits
Pension obligations
The company operates both a defined benefit and defined contribution pension scheme.

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 scheme is funded through payments to a trustee-administered fund.

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, together with adjustments for unrecognised actuarial gains or losses and past service costs. Independent actuaries calculate the obligation annually using the "projected unit" funding method. Actuarial gains and losses 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 changes in shareholders' equity.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense in the income statement when they are due.

From 1 November 2016, the defined benefit pension scheme was closed to future accruals in respect of current members. Since that date these members have participated in a defined contribution scheme.

Critical judgement 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 Company's accounting policies which have a significant effect on the amounts recognised in financial statements.

Accounting judgements
Significant judgement in determining the lease term of contracts with renewal options
The Company 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 Company has the option, under some of its leases to lease the assets for additional terms. The Company 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 Company 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).

Depreciation
Depreciation is based on management's estimates of the future useful life of property, plant and equipment and investment properties. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation charge.

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 Company 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) Retirement benefit obligations
Pension accounting requires certain assumptions to be made in order to value obligations and to determine the impact on the income statement. These figures are particularly sensitive to assumptions for discount rates, mortality, inflation rates and expected long-term rates of return on assets. Details of assumptions made are given in note 20.

(1) Accounting policies (continued)

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRSs as of 1 January 2019:

IFRS 16 Leases

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 Leases. These right-of-use assets and lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- Reliance on previous assessments on whether leases are onerous
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made when applying IAS 17.

Adjustments recognised on adoption of IFRS 16

The effect of adopting IFRS 16 on 1 January 2019 was to recognise additional right-of-use assets of £202,904, Investment properties of £473,255 and lease liabilities of £676,159, and to recategorise assets with a carrying amount of £321,773.

In doing so, the company used incremental borrowing rates of between 4.25% on lease terms ranging from 96 to 125 years.

The difference between lease liabilities of £676,159 and operating lease commitments previously disclosed of £nil is the effect of discounting of £984,519 and extension options not previously included in operating lease commitments of £1,660,678.

Impact of IFRS 16

For the year ended 31 December 2019:

- Depreciation expense increased by £25,111 relating to the depreciation of additional right-of-use assets recognised
- Rent expense decreased by £9,500 relating to previous operating leases
- Finance costs increased by £16,855 relating to the interest expense on additional lease liabilities recognised
- Retained profits decreased by £32,466 relating to the excess of interest and depreciation over rent expense

Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £0.01 million). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(1) Accounting policies (continued)

Changes in accounting policy and disclosures (Continued)

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset celling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied.

The amendments to IAS 19 must be applied to annual periods beginning on or after 1 January 2019.

Adoption of this standard did not have a material impact on the financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle
Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Annual Improvements includes amendments to:

(i) IAS 12 Income Taxes
The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

(ii) IAS 23 Borrowing Costs
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

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 the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

2 Revenue

	2019	2018
An analysis of the Company's revenue is as follows:	£	£
Rental income - third party	600,758	544,084
Management fees from group companies (note 24)	403,768	514,474
	1,004,526	1,058,558

3 Profit/(loss) before tax

	2019	2018
	£	£
The following items have been included in arriving at profit/(loss) before tax:		
Staff costs (note 7)	4,214,175	5,114,718
Depreciation of property, plant and equipment (note 9)	62,970	83,288
Depreciation of right-of-use assets (note 10)	9,222	-
Depreciation of investment properties (note 11)	33,404	11,821
Currency exchange gains credited include:		
(Losses)/gains on foreign currency balances	(80,875)	71,336
	(80,875)	71,336

Audit fees were incurred in relation to the audit of the financial statements. Auditors' remuneration of £2,200 (2018: £2,100) is borne by the parent company, Camellia Plc.

4 Net finance cost

	2019	2018
	£	£
Interest payable on loans and bank overdrafts	(204,646)	(126,541)
Interest payable on leases	(16,855)	-
Finance costs	(221,501)	(126,541)
Finance income - interest income on short-term bank deposits	161,732	141,447
Finance income - interest income on intra group balances	179,184	95,655
Net exchange (losses)/gains on foreign currency borrowings	(80,875)	71,336
Employee benefit expense - interest (note 20)	(500,000)	(400,000)
Net finance cost	(461,460)	(218,103)

5 Taxation

Analysis of credit in the year

	2019	2018
	£	£
Current tax		
UK corporation tax		
UK corporation tax at 19.00 per cent. (2018: 19.00 per cent.)	(340,000)	(355,691)
	(340,000)	(355,691)
Deferred tax		
Origination and reversal of timing differences	(31,482)	-
Tax credit on profit/(loss) on ordinary activities	(371,482)	(355,691)

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the weighted average tax applicable to losses of the Company as follows:

Factors affecting tax credit for the year

	2019	2018
Profit/(loss) before tax	869,648	(2,146,006)
Tax on ordinary activities at the standard rate of corporation tax in the UK of 19.00 per cent. (2018: 19.00 per cent.)	165,233	(407,741)
Effects of:		
UK dividends received not charged to tax	(1,615,000)	(950,000)
Expenses not deductible for tax purposes	113,048	53,774
Group relief not charged	408,785	294,865
Increase in tax losses carried forward	606,306	627,810
Movement in other timing differences	(49,854)	25,601
Total tax credit for the year	**(371,482)**	**(355,691)**

6 Dividends

	2019	2018
	£	£
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2019 of 6.565p (2018:Nil) per share	1,250,000	-
	1,250,000	-

7 Employees

	2019	2018
	Number	Number

The monthly average number of employees employed by the Company during the year was made up as follows:

	2019	2018
Management and administration	29	25
	29	25

	2019	2018
	£	£
Employment costs (including directors' emoluments):		
Wages and salaries	3,522,211	3,429,426
Social security costs	465,811	552,831
Defined benefit pension costs (note 20)	-	900,000
Defined contribution pension costs (note 20)	226,153	232,461
	4,214,175	5,114,718

8 Emoluments of the directors

	2019	2018
	£	£
Aggregate emoluments excluding pension contributions	1,506,404	1,462,366

Emoluments of the highest paid director were £636,582 (2018: £615,993).

9 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost/deemed cost				
At 1 January 2018	7,179,145	256,211	7,443,037	14,878,393
Additions	38,209	2,750	70,012	110,971
Transfer from investment properties	230,679	-	-	230,679
Disposals	-	(161,213)	(782,092)	(943,305)
At 1 January 2019	7,448,033	97,748	6,730,957	14,276,738
Reclassification to right-of-use assets	(455,554)	-	-	(455,554)
Additions	115,900	20,839	45,803	182,542
Transfer from investment properties	-	-	-	-
Disposals	-	-	(32,110)	(32,110)
At 31 December 2019	7,108,379	118,587	6,744,650	13,971,616
Accumulated depreciation				
At 1 January 2018	64,651	223,279	1,518,355	1,806,285
Charge for the year	5,694	2,117	75,477	83,288
Transfer from investment properties	63,436	-	-	63,436
Disposals	-	(137,852)	(748,232)	(886,084)
At 1 January 2019	133,781	87,544	845,600	1,066,925
Reclassification to right-of-use assets	(133,781)	-	-	(133,781)
Charge for the year	-	4,201	58,769	62,970
Transfer from investment properties	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	-	91,745	904,369	996,114
Net book value at 31 December 2019	7,108,379	26,842	5,840,281	12,975,502
Net book value at 31 December 2018	7,314,252	10,204	5,885,357	13,209,813

10 Right-of-use assets

	Land and buildings £
Deemed Cost	
Impact of adopting IFRS 16 at 1 January 2019	202,904
Reclassification from property, plant and equipment	455,554
At 31 December 2019	658,458
Depreciation	
Reclassification from property, plant and equipment	133,781
Charge for the year	9,222
At 31 December 2019	143,003
Net book value at 31 December 2019	515,455

The average lease term in relation to the Company's leased land and buildings is 105 years.

The maturity analysis of lease liabilities is presented in note 15.

	2019 £	2018 £
Amounts recognised in the income statement:		
Interest expense on lease liabilities	16,855	-

11 Investment properties

	£
Cost	
At 1 January 2018	15,379,537
Additions	928,389
Reclassification to assets held for sale	(230,679)
At 1 January 2019	16,077,247
Impact of adopting IFRS 16 at 1 January 2019	473,255
Additions	501,981
At 31 December 2019	17,052,483
Depreciation	
At 1 January 2018	229,210
Charge for the year	11,821
Reclassification to assets held for sale	(63,436)
At 1 January 2019	177,595
Charge for the year	33,404
At 31 December 2019	210,999
Net book value at 31 December 2019	16,841,484
Net book value at 31 December 2018	15,899,652

Included in revenue is £600,758 (2018: £544,084) of rental income generated from investment properties. Direct operating expenses arising on investment properties which generated rental income in the year amounted to a charge of £162,107 (2018: £8,327 credit).

At the end of the year the fair value of investment properties was £20,371,000 (2018: £19,935,000). Investment properties were valued by the Directors (fair value hierarchy Level 2).

12 Investments in subsidiaries

	2019	2018
	£	£
Cost		
At 1 January	6,362,279	2,979,497
Additions	1,000,000	6,004,104
Disposals	-	(2,621,322)
At 31 December	7,362,279	6,362,279
Provision for impairment		
At 1 January	-	(2,621,322)
Provided during year	-	-
Disposals	-	2,621,322
At 31 December	-	-
Net book value		
At 31 December	7,362,279	6,362,279

In 2019, the company subscribed for additional share capital in Jing Tea Limited, following the £1,000,000 investment, its holding increased to 82.5%. In 2018, the acquisition during the year related to the acquisition of an 80% holding in Jing Tea Limited, a UK based distributor of branded speciality teas to the retail and food service sectors internationally. The disposal in 2018 related to the Company selling its investment in XiMo AG.

The subsidiary undertakings are listed in note 23.

13 Trade and other receivables

	2019	2018
	£	£
Trade debtors	16,476	66,256
Other debtors	176,004	252,438
Prepayments and accrued income	304,981	306,266
	497,461	624,960

14 Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	15,652,610	21,111,410

15 Financial liabilities - borrowings

	2019	2018
	£	£
Current:		
Bank loans	3,300,000	600,000
Current borrowings include the following amounts secured on investment properties:		
Bank loans	3,300,000	600,000
Non-current:		
Bank loans	-	3,300,000
Non-current borrowings include the following amounts secured on investment properties:		
Bank loans - matures July 2020.	-	3,300,000
The repayment of bank loans and overdrafts fall due as follows:		
Within one year or on demand (included in current liabilities)	3,300,000	600,000
Between 1 - 2 years	-	3,300,000
	3,300,000	3,900,000

The rate of interest payable by the company was:

	2019	2018
	%	%
Bank loans	3.03	3.03

16 Lease liabilities

	2019	2018
	£	£
Maturity analysis		
Within one year	31,634	-
Between 1 - 2 years	31,634	-
Between 2 - 5 years	94,902	-
Onwards	508,742	-
	666,912	-
Analysed as:		
Current	31,634	-
Non-current	635,278	-
	666,912	-

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the finance function.

17 Trade and other payables

	2019	2018
	£	£
Trade creditors	223,567	207,677
Other taxation and social security	179,556	166,429
Other creditors	289,106	246,713
Accruals	1,100,870	273,498
	1,793,099	894,317

18 Provisions

	Claims
	£
At 1 January 2018	850,000
Utilised in the period	(308,698)
Provided in the period	208,698
At 1 January 2019	750,000
Utilised in the period	(66,663)
Provided in the period	-
At 31 December 2019	683,337
Current:	
At 31 December 2019	683,337
At 31 December 2018	750,000

Provisions relate primarily to legal claims made by former employees of now dormant subsidiary companies.

19 Deferred tax liabilities

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

	2019	2018
	£	£
At 1 January	(113,258)	(113,258)
Credited to the income statement	31,482	-
At 31 December	(81,776)	(113,258)

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

Deferred tax liabilities	Accelerated tax depreciation
	£
At 1 January 2018	113,258
Credited to the income statement	-
At 1 January 2019	113,258
Credited to the income statement	(31,482)
At 31 December 2019	81,776

Deferred tax assets of £4,364,587 in respect of losses that can be carried forward against future taxable income have not been recognised as it is not anticipated they will be recovered in the foreseeable future.

20 Retirement benefit obligations

Defined benefit scheme

The Company operates a defined contribution and a funded defined benefit pension scheme. The assets of the defined benefit pension scheme are administered by trustees and are kept separate from those of the Company. 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 2019 by a qualified independent actuary. The scheme plan 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.

Assumptions

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

	2019 % per annum	2018 % per annum
Rate of increase in salaries	N/a	N/a
Rate of increase to LPI (Limited Price Indexation) pensions in payment	2.10 - 5.00	2.30 - 5.00
Discount rate applied to scheme liabilities	1.90	2.75
Inflation assumption (CPI/RPI)	2.10/3.10	2.30/3.30

Assumptions regarding future mortality experience are based on advice received from independent actuaries. The current mortality tables used are SAPS 2, males 105% and females 104%, 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 21.4 years (2018: 21.6 years) and 22.7 years respectively (2018: 22.9 years).

Sensitivity analysis

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

	Change in assumption	Impact on defined benefit obligation
Discount rate	0.5% higher	7.1% decrease
Discount rate	0.5% lower	7.6% increase
Rate of RPI inflation	0.25% higher	1.8% increase
Rate of RPI inflation	0.25% lower	1.7% 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, this 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 other fixed.

Duration of the scheme liabilities

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

Analysis of scheme liabilities

The liabilities of the scheme are split as follows:

	%
Deferred pensioners	41
Current pensioners	59
Total membership	100

20 Retirement benefit obligations (continued)

Actuarial valuations

	2019	2018
	£	£
Equities and property	87,800,000	77,500,000
Bonds	50,800,000	47,400,000
Diversified growth	39,900,000	36,400,000
Cash	1,200,000	800,000
Total fair value of plan assets	179,700,000	162,100,000
Present value of defined benefit obligations	(193,300,000)	(178,600,000)
Total deficit in the scheme	(13,600,000)	(16,500,000)
Amount recognised as a liability in the balance sheet	(13,600,000)	(16,500,000)

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

	2019	2018
	£	£
At 1 January	162,100,000	174,300,000
Expected return on plan assets	4,300,000	4,100,000
Employer contributions	-	235,248
Benefit payments and other outgoings	(9,500,000)	(8,100,000)
Actuarial gain/(loss)	22,800,000	(8,435,248)
At 31 December	179,700,000	162,100,000

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

	2019	2018
	£	£
At 1 January	(178,600,000)	(188,600,000)
Past service cost	-	(900,000)
Interest cost	(4,800,000)	(4,500,000)
Benefit payments and other outgoings	9,500,000	8,100,000
Re-measurements of obligation:		
- Financials	(21,600,000)	6,900,000
- Demographic	2,200,000	1,000,000
- Experience	-	(600,000)
At 31 December	(193,300,000)	(178,600,000)

20 Retirement benefit obligations (continued)

Income statement

The amounts recognised in the income statement are as follows:

	2019 £	2018 £
Amounts charged to operating profit:		
Past service cost	-	(900,000)
Total operating charge	-	(900,000)
Amounts charged to other finance costs:		
Interest expense	(500,000)	(400,000)
Total charged to income statement	(500,000)	(1,300,000)

In 2018, the Company made an allowance for the impact of GMP equalisation of £900,000 and recognised the impact as a past service cost in the income statement. This impact was calculated using the 30 June 2017 actuarial valuation data and a method 'C2' approach.

Actuarial gains and losses recognised in the statement of comprehensive income

The amounts included in the statement of comprehensive income:

	2019 £	2018 £
Remeasurements:		
Return on plan assets, excluding amount included in interest	22,800,000	(8,435,248)
Experience losses	-	(600,000)
(Loss)/gain from changes in financial assumptions	(21,600,000)	6,900,000
Gain on change of demographic assumptions	2,200,000	1,000,000
Actuarial gain/(loss)	3,400,000	(1,135,248)

Cumulative actuarial losses recognised in the statement of comprehensive income are £7,330,474 (2018: £10,730,474).

As the defined benefit pension scheme was 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 2020.

Defined contribution scheme

Contributions to the defined contribution scheme are charged to profit when payable and the costs charged were £226,153 (2018: £232,461).

21 Share capital

	2019 £	2018 £
Authorised: 20,000,000 (2018: 20,000,000) ordinary shares of 50p each	10,000,000	10,000,000
Allotted, called up and fully paid: ordinary shares of 50p each:		
At 1 January and 31 December - 19,038,167 (2018: 19,038,167) shares	9,519,084	9,519,084

22 Financial Instruments

Capital risk management

The Company manages its capital to ensure that the company 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 company consists of debt, which includes the borrowings and lease liabilities disclosed in notes 15 and 16, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings. The Company is not subject to any external capital requirements.

The maturity profile of the Company's financial liabilities, excluding short-term creditors such as trade creditors, accruals and provisions, at 31 December was as follows:

	2019	2018
	£	£
Within 1 year, or on demand	54,889,872	55,484,842
Between 1 - 2 years	-	3,300,000
	54,889,872	58,784,842

At 31 December 2019, the Company had undrawn committed facilities of £2,000,000 (2018: £2,000,000), all of which are due to be reviewed within one year.

Credit Risk
The Company has policies in place to limit its exposure to credit risk. Credit risk arises from cash and cash equivalents, deposits with banks, 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.

Financial risk management objectives

The Company 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 Company also seeks to maintain sufficient undrawn committed borrowing facilities to provide flexibility in the management of the Company's liquidity.

Given the nature of the Company's operation, a highly complex use of financial instruments would not be of significant benefit to the Company.

Market risk

(i) Foreign exchange risk

The Company has no material exposure to foreign currency exchange risk on currencies.

(ii) Interest rate risk

The Company's interest rate risk arises from interest-bearing financial assets.

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

	Financial liabilities		Financial assets	
	2019	2018	2019	2018
	£	£	£	£
Sterling	3,300,000	3,900,000	14,985,891	19,514,932
Swiss Franc	-	-	1,385	1,415
US Dollar	-	-	663,638	1,593,298
Australian Dollar	-	-	1,696	1,765
	3,300,000	3,900,000	15,652,610	21,111,410

Interest accrues at a fixed rate on the £3,300,000 sterling financial liability and at floating rates on all other financial liabilities and assets which exclude short-term creditors, debtors and balances with group companies.

The benchmarks for determining rates of interest on financial assets and liabilities are mainly bank base and six month inter bank rates.

Fair values
The fair value of the Company's financial assets and liabilities are equal to their carrying value.

23 Subsidiary undertakings

Subsidiary undertakings
The subsidiary undertakings of the company at 31 December 2019, both directly and indirectly held, are listed below. All subsidiaries are wholly owned and incorporated in Great Britain unless otherwise stated.

	Principal country of operation	Registered Office
Agriculture		
C.C. Lawrie Comércio e Participacões Ltda. (Incorporated in Brazil) (50.0 per cent. holding held by John Ingham & Sons Limited)	Brazil	*(ii)*
Eastern Produce Cape (Pty) Limited (Incorporated in South Africa)	South Africa	*(iii)*
Eastern Produce Estates South Africa (Pty) Limited (Incorporated in South Africa - held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(iv)*
Eastern Produce Kenya Limited (Incorporated in Kenya – 70.0 per cent. holding)	Kenya	*(v)*
Eastern Produce Malawi Limited (Incorporated in Malawi– 73.2 per cent. holding)	Malawi	*(vii)*
Eastern Produce South Africa (Pty) Limited (Incorporated in South Africa – 73.2 per cent. holding)	South Africa	*(iv)*
EP(T) EastAfrica Limited (Incorporated in Tanzania)*	Tanzania	*(xii)*
Horizon Farms (An United States of America general partnership - 80.0 per cent. holding)	USA	*(viii)*
Kakuzi Limited (Incorporated in Kenya – 50.7 per cent. holding)	Kenya	*(vi)*
Robertson Bois Dickson Anderson Limited	UK	*(i)*
Victoria Investments Limited (Incorporated in Malawi– 73.2 per cent. holding)	Malawi	*(vii)*
Zetmac (Pty) Limited (Incorporated in South Africa - 55.8 per cent. held by Eastern Produce Estates South Africa (Pty) Limited)	South Africa	*(iv)*
Engineering		
Abbey Metal Finishing Company Limited	UK	*(i)*
AJT Engineering Limited	UK	*(ix)*
Atfin GmbH (Incorporated in Germany - 51.0 per cent. holding)	Germany	*(xi)*
Food Service		
Associated Cold Stores & Transport Limited	UK	*(i)*
Jing Tea Limited* (82.5 per cent. holding)	UK	*(i)*
Investment Holding		
Associated Fisheries (Europe) Limited	UK	*(i)*
Associated Fisheries Limited	UK	*(i)*
Bordure Limited	UK	*(i)*
Eastern Produce Investments Limited*	UK	*(i)*
EP USA Inc. (Incorporated in the United States of America)	USA	*(viii)*
EP California Inc. (Incorporated in the United States of America)	USA	*(viii)*
John Ingham & Sons Limited	UK	*(i)*
Lintak Investments Limited (Incorporated in Kenya)	Kenya	*(v)*
Plantation House Investments Limited (Incorporated in Malawi - 50.2 per cent. held by subsidiaries)	Malawi	*(vii)*
Unochrome Industries Limited	UK	*(i)*

23 Subsidiary undertakings continued

	Principal country of operation	Registered Office
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	*(x)*
Associated Fisheries (Scotland) Limited	UK	*(ix)*
Blantyre & East Africa Limited	UK	*(ix)*
Blantyre Insurance & General Agencies Limited (Incorporated in Malawi – Eastern Produce Malawi Limited)	Malawi	*(vii)*
Bonathaba Farms (Pty) Limited (Incorporated in South Africa)	South Africa	*(iii)*
British African Tea Estates (Holdings) Limited	UK	*(i)*
British African Tea Estates Limited	UK	*(i)*
British Heat Treatments Limited	UK	*(i)*
British United Trawlers Limited	UK	*(i)*
BTS Chemicals Limited	UK	*(i)*
BUT Engineers (Fleetwood) Limited	UK	*(i)*
BUT Engineers (Grimsby) Limited	UK	*(i)*
Chisambo Holdings Limited	UK	*(i)*
Chisambo Tea Estate Limited	UK	*(i)*
Cholo Holdings Limited	UK	*(i)*
Craighead Investments Limited	UK	*(i)*
East African Tea Plantations Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya	*(v)*
Eastern Produce Africa Limited	UK	*(i)*
Eastern Produce Kakuzi Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(v)*
EP (RBDA) Limited (Incorporated in Malawi – Eastern Produce Malawi Limited)	Malawi	*(vii)*
Estate Services Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(vi)*
Feltham 1 Limited	UK	*(i)*
Feltham 2 Limited	UK	*(i)*
Fescol Limited	UK	*(i)*
G. F. Sleight & Sons Limited	UK	*(i)*
Gotha Tea Estates Limited	UK	*(i)*
Granton Transport Limited	UK	*(ix)*
Hamstead Village Investments Limited	UK	*(i)*
Hellyer Brothers Limited	UK	*(i)*
Hudson Brothers Trawlers Limited	UK	*(i)*
Humber Commercials Limited	UK	*(i)*
Humber St. Andrew's Engineering Company Limited	UK	*(i)*
Kaguru EPZ Limited (Incorporated in Kenya – held by Kakuzi Limited)	Kenya	*(vi)*
Kapsumbeiwa Factory Company Limited	UK	*(i)*
Kip Koimet Limited (Incorporated in Kenya – held by Eastern Produce Kenya Limited)	Kenya	*(v)*
Kumadzi Tea Estates Limited	UK	*(i)*
Leasing Investments Limited	UK	*(i)*
Nasonia Tea Company Limited (Incorporated in Malawi)	Malawi	*(vii)*
North West Profiles Limited	UK	*(i)*
Robert Hudson Holdings Limited	UK	*(i)*
Rosehaugh (Africa) Limited	UK	*(i)*
Ruo Estates Limited	UK	*(i)*
Ruo Estates Holdings Limited	UK	*(i)*
Sandbach Export Limited	UK	*(i)*
Sapekoe Pusela (Pty) Limited (Incorporated in South Africa - held by Eastern Produce South Africa (Pty) Limited)	South Africa	*(iv)*
Silverthorne-Gillott Limited	UK	*(i)*
The Eastern Produce & Estates Company Limited	UK	*(i)*
The Kapsumbeiwa Tea Company Limited	UK	*(i)*
The Tyspane Tea Company Limited	UK	*(i)*
Thyolo Highlands Tea Estates Limited	UK	*(i)*

* owned directly by the Company

23 Subsidiary undertakings continued

Registered Offices:

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

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

(iii) Slangrivier Road, Slangrivier Plaas, Wellington, 7655, South Africa

(iv) 7 Windsor Street, Tzaneen, 850, Limpopo Province, South Africa

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

(vi) Main Office, Punda Milia Road, Makuyu, P O Box 24, 01000 THIKA, Kenya

(vii) P.O Box 53, Mulanje, Malawi.

(viii) 2520 West Shaw Lane, Suite 101, Fresno, California, USA

(ix) Craigshaw Crescent, West Tullos, Aberdeen, AB12 3TB, Scotland

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

(xi) Robert-Drosten-Platz 1, D-82380, Peissenberg, Germany

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

24 Related party transactions

In 2019, the Company provided secured loans of £1,500,000 to AJT Engineering Limited, a group company, repayment is not due until 2021. Interest is payable at a rate of LIBOR plus 1.5 per cent.

The Company provides financial and secretarial services to Camellia Plc. The amount receivable for these services for 2019 was £447,121 (2018: £402,572). At 31 December 2019 £5,943,853 (2018: £9,612,337) is owed by Camellia Plc and is unsecured, interest free and has no fixed terms of repayment.

The Company provides administration and marketing services to Robertson Bois Dickson Anderson Limited, a group company. The amount receivable for these services for 2019 was £403,768 (2018: £514,474). In 2018, the Company sold the assets held in its Nairobi regional office to Robertson Bois Dickson Anderson Limited for £163,189. At 31 December 2019 £413,834 (2018: £1,663,008) is owing to Robertson Bois Dickson Anderson Limited.

The Company received IT services from Associated Cold Stores & Transport Limited during the year. The amount payable for these services for 2019 was £3,560 (2018: £33,654). At 31 December 2019 £8,828 (2018: £732) is owing to Associated Cold Stores & Transport Limited.

Balances receivable and payable from/to other group companies at 31 December 2019 amounted to £67,421,639 (2018: £62,357,757) and £51,135,576 (2018: £53,221,102) respectively.

25 Subsequent events

Subsequent to the balance sheet date, the World Health Organisation declared a pandemic on 11 March, the UK government moved to a 'delay' phase on 12 March, announced social distancing measures on 16 March, and unprecedented 'stay at home' restrictions on 23 March. The first large falls in stock markets occurred in early March. The Company has therefore concluded that the necessity for large scale Government Interventions (both in the UK and the other countries in which Company's subsidiary undertakings operates) in response to COVID-19 only became apparent after the balance sheet date and therefore that the consequences of such interventions represent non-adjusting post balance sheet events. The full financial impact of the crisis for 2020 is impossible to predict with any degree of certainty.

Defined benefit pension schemes and other employee benefit arrangements

Review of the key financial assumptions relating to the Company's pension scheme subsequent to the year end indicate movements as a result of changes in the fair value of assets the held in the schemes and as a result of reductions in interest rates. It is too early to assess the impact of COVID-19 upon the Company's long-term life expectancy assumptions. The fair value of plan assets has reduced and is expected to be volatile in the short term due to uncertain market conditions.

26 Ultimate parent Company

The immediate and ultimate parent company is Camellia Plc which is registered in England and Wales. The ultimate controlling company of this entity is the same as its parent's ultimate controlling company.

The consolidated financial statements of Camellia Plc can be obtained from the Company's registered office at Linton Park, Linton, Maidstone, Kent ME17 4AB. Camellia Plc is the only company to consolidate the company's financial statements.

27 Control of Camellia Plc

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